

BUSINESS WEEK

MAY 17 1947

WEEK
AGO



YEAR
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Col. Robert H. Morse: Exemplar of diversified expansion (page 8)

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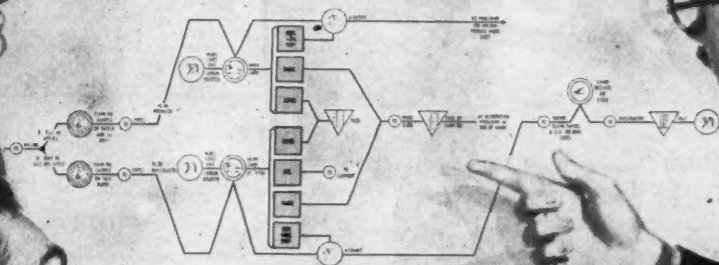
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BUSINESS WEEK • May 17, 1947

WASHINGTON OUTLOOK



YOU'VE HEARD about the last of Truman's jawbone campaign for lower prices.

Except perhaps for a political: "I told you — if business runs into heavy going later on."

The White House "task force" has gone as far it can—with private appeals to businessmen, public undermining of the price structure.

They know there's no point seeking stronger weapons from Congress.

Truman didn't get what he wanted in his efforts to talk prices down. He wanted cuts by basic industries, like steel.

But his economists won't write off their attempt at peacetime economic planning as a failure.

They claim credit for preventing a second round of price boosts following this year's pay hikes. And they're confident now that prices have leveled off.

To the price-cutters, the price campaign is all a matter of timing—voluntary cuts now to ward off worse ones later.

Thus, keeping prices from going up is next best to getting them down.

And labor's pay boost—in their figuring—backs up purchasing power to help keep things from going to pot later.

WHAT DO YOU THINK—(read this either
n! or a?).

Should Congress consider "legislation to permit voluntary agreements, under government sanction, on industrywide prices for definite periods?"

You'll want to recall your NRA experience before you answer.

The question is an added starter in the questionnaire being distributed by Dun & Bradstreet for Taft's Joint Economic Committee.

Some 600 businessmen, labor and farm leaders are being asked for views on major issues before Congress.

Committee members say the price agreement query was tucked in by Dun & Bradstreet, which volunteered to collect data the committee wants.

THE SENATE'S LABOR BILL VOTE doesn't yet assure you a labor law this year (page 70).

It's true that the 68-24 vote was more than enough to override a Truman veto. But you can't expect all the 21 Democrats who voted for the Senate bill to stay hitched.

As matters stand now, we still look for the Senate to sustain the veto—by a close vote. You will be able to tell from the Senate vote on the conference committee report.

Even G.O.P. Whip Wherry doesn't claim enough votes to override a veto on any bill stronger than the Senate version. He isn't sure he could hold the necessary two-thirds even for that measure.

And the conference committee's bill is expected to be tougher.

In signing the portal pay bill, Truman grabbed the political ball from the G.O.P.—by tying to his approval renewed demand for an increase in minimum pay.

He knew a portal bill veto would be overridden, anyway.

So he signed it, and called on the Republican Congress to give labor a boost in minimum pay in exchange.

Republicans have been thinking of the same idea. Only they planned to hike minimum wages to win labor back to their camp after the labor-disputes issue is settled.

IF SMITH TROY WINS today's Democratic primary in Washington State's Third Congressional District, the June 7 by-election will be a real G.O.P.-Truman test.

Troy campaigned on the issue of cooperating with Truman's foreign policy. His opponent is Charles R. Savage, a left-winger beaten by a Republican last year.

THE TAX BILL may not get to Truman's desk by Memorial Day after all.

We told you last week it would. But now Senate Democrats are soliciting votes to put the bill on the table for 30 days.

Their argument: Let's see how much G.O.P. cuts in Truman's budget really add up to.

They are apt to win their point.

Delay in the tax bill improves the chances of a Truman signature.

Truman still doesn't like the bill, particularly

WASHINGTON OUTLOOK (Continued)

it's July 1 effective date. He'd rather wait until next year.

But he's under terrific pressure from Democratic politicians to sign. They argue: The little fellow may be mad at big cuts for big fellows, but he'll be madder at not getting any cut himself.

And there are lots more little fellows.

Meanwhile, Knutson's House Ways & Means Committee starts work next week on next year's tax measure.

It's billed as an over-all revision of the federal tax structure. Hearings are to be held now to build a record on which to base a draft bill for action early in '48.

Talk now is that the bill will: (1) end double taxation of corporate dividends; (2) let husbands and wives split their income for taxes; (3) scale down many excise levies.

But watch for Knutson to propose a general manufacturers' sales tax—to pick up some revenues lost through the changes.

SENSITIVENESS TO NEWS STORIES is growing on Capitol Hill.

It's spreading, also, to national committee press agents. More and more news writers are targets for complaints that their stories are "slanted"—to show one party at a disadvantage.

Most complaints come from the G.O.P.—logically enough. The minority, now the Democrats, always has the advantage in the battle for news space. It's attacking.

Republicans, however, sometimes bring trouble on themselves.

Example: the case of National Petroleum Council Chairman Hallanan. He's seething at the rough going-over he got from Senate Majority Whip Wherry and other G.O.P. senators when he urged more money for the Oil & Gas Division (page 48) at the Interior appropriation hearings.

Hallanan is also G.O.P. national committee-man from West Virginia.

TIN SHORTAGE crimps promotional sales plans of canned food merchandisers.

They'd like to pack peas in two-serving cans, fruit and vegetable juices for vending machine distribution. But it would take more tinplate for the same amount of food.

Government men see tin supplies getting worse before they get better. So, they back up reluctantly of can makers to supply more cans in odd sizes.

TRUMAN'S POLITICAL ADVISERS hope to get him out of the air and onto the ground for his future junkets around the country.

It's not for safety, but for votes. If he will go by train, they can schedule a lot of five-minute back-platform stops.

And Truman has learned how to make "homey" impromptu talks that click. He did again last week at the Gridiron Club dinner.

IF YOU USE Commerce Dept.'s National Income and Gross National Product indexes in your business planning, you'll want to rejigger your figures when the next quarterly report comes out in July.

Basis of calculating both indicators is being changed a little. It's the difference between war statistics and peace statistics.

GNP was the fashionable index when need was for a measure of output regardless of wear and tear. Now need is for a measure of economic health.

Big change: NI will reflect profits before taxes instead of after, exclude national debt payments. Theory is that the old way measured tax policy instead of economic activity.

Social Security payroll tax will be frozen again this year at the current rate of 1% . . .

Baby business is still booming. U. S. Public Health reports 973,000 births in first quarter of '47, whopping increase from 664,000 in the same period last year. . . .

Distillers and publishers needn't be concerned over hearings on the Capper bill to deny the mails to liquor ads. The bill hasn't a chance of coming up to a vote. . . .

Romanian legation staff in Washington is compiling data on character and operation of WPB in response to request from Premier Groza, who wants to create a similar agency in that country. . . .

The over-all defense viewpoint of consolidated military and naval committees in Congress is moving Army and Navy toward unity of action even without merger legislation. Latest example is the services' joint bill to get authority to lease their plants to private operators.



Untangling the problems of automotive progress

THIS APPARENT TANGLE of wires, pipes, and tubes—actually an experimental engine set-up in the Ethyl laboratories—is symbolic of the complex problems faced today by forward-looking automotive and petroleum engineers.

These men are working to make your future automobile a better automobile. But their job is not a simple one. For engines, gasoline, gasoline additives and lubricating oils are like the factors in a complicated chemical equation. A change in one may affect any of the others. To make real progress, the research work of automotive and petroleum industries must

be closely coordinated. Fuels and engines must progress together.

Although "Ethyl" antiknock compound, made by the Ethyl Corporation, is an ingredient added to gasoline, its purpose is to improve the power and performance of engines. Therefore, the Ethyl laboratories cooperate with the technical staffs of both the automotive and petroleum industries—working with them to untangle complicated technical problems and open the way to better and more economical motor transportation for everybody. Ethyl Corporation, New York 17, New York.

ETHYL CORPORATION

Service stations display this emblem



on pumps containing their best gasoline plus "Ethyl" antiknock fluid—the famous ingredient that improves power and performance.

Girard Trust Uses Moderator System



Girard Trust Company, Philadelphia, one of the first trust companies in America, organized in 1836 and never merged with any other bank. Left to right: Morris Building, Girard Trust Co. Building, Girard Trust Office Building.

Carefully conservative in the Girard tradition is the management of the three Girard Trust properties in downtown Philadelphia. Their use of Webster Steam Heating Equipment ... back to 1910 ... has kept these properties at the peak in comfort and economy in heating.

The 28-story Girard Trust Office Building, the 18-story Morris Building, and the picturesque domed Girard Trust Company Building are today heated from one central boiler plant, with most of the installation under Webster Moderator Control.

In 1910, the first installation of Webster Heating Equipment was made in the Morris Building.

Webster Heating Equipment has been purchased at intervals for 35 years. The most recent improvement was the selection of a Webster Moderator System as part of a modernization program begun in 1945 involving a tailor-made orificing job — equipping 734 Radiator Supply Valves with properly sized Webster Metering Orifices.

We are ready to work with you just as we have worked with the Girard Trust Company.

WARREN WEBSTER & CO., Camden, N. J.
Representatives in principal U. S. Cities : Est. 1868
In Canada, Darling Brothers, Limited, Montreal

Webster
HEATING SYSTEMS

THE COVER

In 1931 a large, well-known company that had successfully made durable goods for 101 years was losing volume and money at a rate which was visibly accelerating month by month. Any businessman might prudently have sidestepped becoming its president at that time without being labeled either timid or lazy. The times were hard in all branches of the machinery business, and anyone could see that things would have to get worse before they could get better.

It was, and still is, characteristic of Col. Robert H. Morse that he welcomed the difficult chore of pulling Fairbanks, Morse & Co. out of the red ink with which it was then entirely surrounded. He had been in the business since 1895, had served for a dozen years successively as vice-president and vice-chairman. He knew its strengths, its weaknesses, and its markets.

• **Back in the Black**—While sales dropped in the next fiscal year to a quarter of what they had been in 1929, he pruned costs and kept on pruning. But he also undertook an aggressive policy of building for new volume and new products. Within two years he had the company using black ink again; since then it has never slid back into the red.

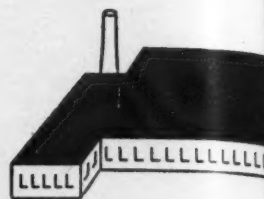
During those depression years when everything was scraping bottom, Col. Morse got half a dozen major projects rolling in his company. All of them have snowballed into sizable money-makers. One, the company's invasion of the diesel locomotive field, was delayed for five years because the Navy pre-empted its output of this type of diesel. It is principally to equip and finance this department that the company floated the \$20 million of new securities marketed this month (page 59).

• **Delegating Responsibility**—It is equally characteristic of his management policies that from the time he coaxed the operating statement across the break-even line, Col. Morse has run the business by delegating most of the responsibility to a group of executives whom he hand-picked for this purpose. He expects these men to check major decisions with him and to keep him informed of significant deviations from preplanned programs. To this end, he watches the figures meticulously.

All of his business lifetime has been spent with Fairbanks-Morse. Since the age of 17, he has been in business, except for active duty in the Army Signal Corps during World War I.

The Pictures—Press Assn.—1, 20, 36, 70, 82, 89; Harris & Ewing—18; Int. News—19, 21, 22, 34, 105; Acme—40, 70, 97, 106; Underwood & Underwood—68; Charles Phelps Cushing—79; Sarra, Fernald & Gueldne—59.

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Liberty Life Building
Telephone 4-1026
Columbia, S. C.

COLUMBIA
SOUTH CAROLINA

BUSINESS OUTLOOK

BUSINESS WEEK

Y 17, 1947



Sharply reduced auto output doesn't reflect any lack of demand for motor cars, but it does contribute to business slackening.

Production lines and body plants in Michigan this week were down for want of flat steel. They'll get going full tilt just as soon as they can scrape up a reasonable inventory.

But, while these plants are down, their workers aren't earning any money. That's just as deflationary as layoffs in soft goods lines, excepting that these latter will be longer because peak demand is past.

Auto makers haven't even made a dent in their market as yet.

Take the figures for 1946. Number of cars and trucks in use gained slightly more than 3,300,000 to a total of 33,945,817, according to the Public Roads Administration.

The gain tops 1946 car-and-truck output by about 30,000. Thus not only were there no old cars retired, net, but a few more jalopies appeared.

Inventories are becoming adequate in more and more lines. And, as each line catches up, suppliers in that field have their business reduced. That's the backwash of "false prosperity" in inventory replenishment.

A line that was booming—in fact saw no end to its boom—a short time ago is plastics. Now they are plentiful (page 16).

Moreover, many of the machines to form them are now abundant.

Even more startling, a few foundries now are out selling castings, instead of turning down orders right and left.

Scattered output reductions in durable goods industries will mean better supplies for those still short of metals—ferrous and nonferrous.

Copper still is short, but curtailment in brass mills will be felt.

If it develops that production of certain types of freezer equipment and home appliances has met demand, auto makers will get more flat steel.

Not many steel companies are going to add to present ingot capacity at present costs (page 19)—even if they agree that the country hasn't enough basic capacity to supply a full-employment economy.

Steel men are not far enough away from the thirties to forget how far and how fast output can fall.

And today costs are much higher than a decade ago; present overhead would be hard enough to bear once operations were forced under the break-even point without saddling the industry with a lot of high-cost plant.

Signs continue to indicate that construction, although at a pretty high level, won't breathe new life into business any time soon.

Contract awards—which forecast what is going to be built rather than what is being built now—consistently run below a year ago. This applies to both residential and nonresidential construction.

Most industrial building is being pushed to completion even though prices have given very little ground up to now.

There are exceptions, however, and they get the headlines away from progress reports on work under way. For example, companies in such diverse lines of business as American Cyanamid (chemicals) and Standard Brands

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

MAY 17, 1947

(foods) have announced curtailment of expansion within the last few days.

Standard Brands had a \$13,000,000 building program but is going to wait for prices to come down. And Cyanamid has stopped work on its Willow Island plant in West Virginia, started in 1946 for the Calco division; uncertain labor supply as well as building costs caused the stoppage.

But here is something to remember: Building put off pending a drop in costs constitutes a backlog to pick business up later.

•
Latest figures on unemployment give no indication that layoffs so far have been very extensive.

The Bureau of the Census lists a rise of 90,000 from March to April, bringing the total to an estimated 2,420,000.

The catch is that the Census sample is taken around the end of the first week in each month. Present indications are that the April nosecount was just a few days too early to pick up the subsequent trend.

The change from April to May will be much more significant.

•
Numbers of veterans drawing readjustment allowances for unemployment are declining steadily. The total fell from 1,200,000 the middle of January to 872,000 for the week ended Apr. 26.

During March, 40,000 veterans claiming benefits had exhausted their unemployment allowance. Those who have drawn it all now number 227,000.

•
Developments in textiles, day by day, add support to the prediction that cotton goods shortages were on the way out (BW—Feb.22'47,p10).

All branches of the cotton industry now have slowed down.

Slackening cotton mill activity was detected when daily average use in March fell below that for February (BW—Apr.26'47,p10). Now it appears, from trade estimates, that April was a shade under the March average.

Use in May will be the poorest, on the average, in some time. A few spinners have been reported selling raw cotton on the open market to take advantage of present high prices (page 111).

They will be able to buy back more cheaply when the new crop is in.

•
Prices probably will remain high on most vegetables this spring and early summer because production is substantially below last year.

Tonnage is about one-eighth less than last year but still well above the 1935-45 average, the Dept. of Agriculture points out. About 590,000 acres are being utilized for commercial truck for early markets.

But the main crop, the one that fills the cans, still is a puzzle. Cannery shies away from firm-price contracts for truck (BW—Apr.26'47,p19).

Main reason for worry: Total stocks of canned vegetables Mar. 1 were 44% higher than a year ago and 19% above the 1943-45 average for that date; cold storage holdings of frozen vegetables were double a year ago.

•
No serious gasoline shortage is likely this year (except locally where rail or pipeline transportation may prove temporarily inadequate). Gasoline is the "money product" in the oil business; it will be refined in adequate quantity even at the expense of other products.

The real worry is a fuel oil squeeze next winter (page 48). Plants as well as homes are urged to install extra tanks, fill them early.

FIGURES OF THE WEEK

THE INDEX (see chart below).

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity).....	94.2	90.6	94.5	48.9	97.3
Production of automobiles and trucks.....	88,364	†97,141	97,893	71,355	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$17,391	\$16,506	\$17,758	\$21,493	\$19,433
Electric power output (million kilowatt-hours).....	4,653	4,640	4,620	3,911	3,130
Crude oil (daily average, 1,000 bbls.).....	5,005	†4,951	4,913	4,734	3,842
Bituminous coal (daily average, 1,000 tons).....	2,095	†2,143	798	91	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	86	86	85	84	86
All other carloadings (daily average, 1,000 cars).....	61	63	37	28	52
Money in circulation (Wednesday series, millions).....	\$28,197	\$28,118	\$28,250	\$27,958	\$9,613
Department store sales (change from same week of preceding year).....	12%	†15%	17%	29%	†17%
Business failures (Dun & Bradstreet, number).....	98	70	59	23	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	401.1	398.2	414.1	275.1	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	264.4	†267.6	280.0	172.3	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	339.9	333.7	340.7	244.2	146.6
Finished steel composite (Steel, ton).....	\$69.82	\$69.82	\$69.82	\$63.54	\$56.73
Scrap steel composite (Iron Age, ton).....	\$29.58	\$29.75	\$34.75	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	22.788¢	†21.990¢	21.500¢	12.000¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.66	\$2.67	\$2.71	\$1.72	\$0.99
Sugar (raw, delivered New York, lb.).....	6.19¢	6.19¢	6.19¢	4.20¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	36.15¢	†35.83¢	34.36¢	27.37¢	13.94¢
Wool tops (New York, lb.).....	\$1.497	†\$1.521	\$1.550	\$1.330	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	25.75¢	25.75¢	25.75¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	114.6	117.2	114.7	148.3	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.15%	3.15%	3.16%	3.02%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.53%	2.53%	2.53%	2.51%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1½%	1½-1½%	1½-1½%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1.00%	1.00%	1.00%	¾%	¾-¾%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	39,316	39,769	38,667	38,251	23,876
Total loans and investments, reporting member banks.....	55,035	55,266	54,931	64,067	28,191
Commercial and agricultural loans, reporting member banks.....	10,849	10,943	11,163	7,456	6,296
Securities loans, reporting member banks.....	1,746	1,690	1,676	4,285	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	34,544	34,745	34,296	45,777	14,085
Other securities held, reporting member banks.....	3,499	3,558	3,539	3,379	3,710
Excess reserves, all member banks (Wednesday series).....	660	670	830	1,014	5,290
Total federal reserve credit outstanding (Wednesday series).....	22,230	22,205	22,893	23,219	2,265

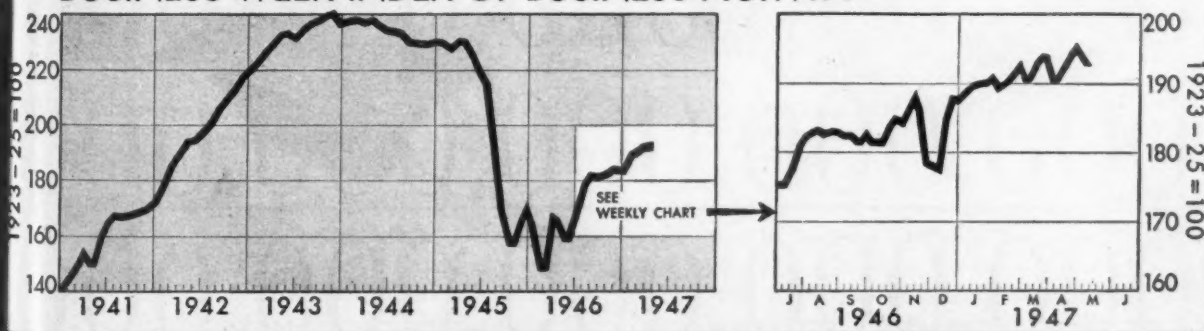
*Preliminary, week ended May 10th.

†Revised.

‡Ceiling fixed by government.

§Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



Is that MY voice?

Yes'm. That figure 1 up there, with hundreds of zeros trailing after it, represents the number of times your voice is amplified on a Long Distance call from New York to San Francisco. Even on shorter calls, the total is tremendous.

The reason is that the current which carries your voice gets tired of traveling. So every few miles vacuum tube "repeaters" refresh your voice by boosting its power as much as a million times.

The Bell System uses many such tubes for Long Distance service — from peanut size to big three-footers for overseas telephony. As a result, you can talk across the country as easily as across the street—and reach people in almost every nation of the world.

BELL TELEPHONE SYSTEM

Is that MY voice?

Is that Mr. V...

Yes'm. That figure 1 up there, with hundreds of zeros trailing after it, represents the number of times your voice is amplified on a Long Distance call from New York to San Francisco. Even on shorter calls, the total is tremendous. The reason is that the current which carries your voice travels by boosting its power a

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TELEPHONE SYSTEM



BELL TELEPHONE SYSTEM



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Farmers Rich—And Thrifty

Income, which has nearly tripled in six years, is socked away in banks and bonds. Since most of it will be spent eventually on heavy equipment, farmers will be vast market for industry.

One day last week, a Bancamerica clerk in San Francisco was checking over his financial statements on farm depositors. Suddenly he stopped and stared. The statement he was looking at showed that at the end of 1940 the farmer had a \$3,000 balance. At the end of 1946, the same farmer's account stood at \$18,000.

There was little reason for astonishment. Although this farmer was far from typical of the country at large, he also was not unique. For example, a bank in the Indianapolis area that does 75% of its business with farmers tells a similar story. Several of its 600 farmer-depositors have balances of \$15,000 and \$20,000. The same thing is true in midwestern great plains, in upstate New York, in the South.

• **Vast Market**—What these extreme figures mean basically is that the U. S. farmer is wealthier today than ever before in history. Further, it means a vast potential market for industry.

Prewar, the average farmer who worked 40 or 80 acres kept a bank bal-

ance of between \$500 and \$1,000—just enough to meet operating expenses. Today, his average is anywhere between \$3,000 and \$6,000.

That isn't all. He is also socking away hundreds of dollars in savings bonds.

• **Contrasts**—There are many striking contrasts between the present period of farm saving and the post-World War I period of farm spending. Among them:

• This time farmers are not generally speculating in land. They either buy the acreage they have been renting anyway, or increase the size of farms they already own.

• They aren't frittering their money away on personal luxuries like diamonds and fur coats. They are buying some household goods; some cars; maybe a Martini where a beer was good enough before; but the cash remainder is still enormous.

• They are improving their farms' appearance, getting long-needed new roofs, paint jobs, etc.

• They are paying off mortgages and other debts. Many a creditor is getting

his money long after he had given up hope.

• The tenant farmer, while not the prime beneficiary from the boom, nevertheless has also made enough money to pay off old debts, buy more equipment and livestock, become a good customer for household goods. Many tenants are becoming owners—buying their farms out of profits.

• Borrowing from banks has fallen off considerably. One bank with several hundred farm depositors has only \$50,000 out in loans.

Where did the farmer get his money? And what is he going to do with it eventually?

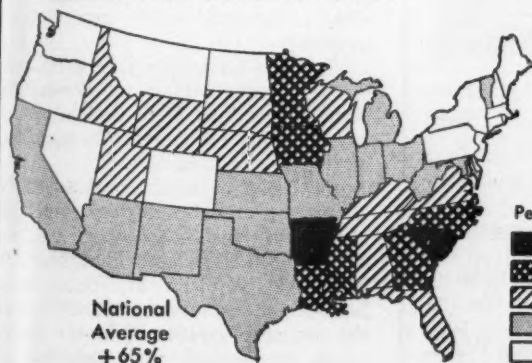
• **Production and Prices**—The income came, of course, from the terrific increase in prices farmers have been getting for their produce in recent years, plus sharply stepped-up production. In 1940, cash receipts for all U. S. farms amounted to \$9,109,000,000. They rose steadily during the ensuing years. And at the end of 1946 they stood at \$24,761,000,000—more than 2½ times the 1940 figure. Savings have been proportionate. Deposits in country banks in farm states jumped from \$88 billion in 1940 to \$214 billion in March, 1947.

• **Machinery**—Farmers are holding all this money for one main purpose: to buy new machinery, improve their farms generally. Right now, such improvements are still hard to get—the pipeline

FARM LAND VALUES IN TWO WARS

World War I

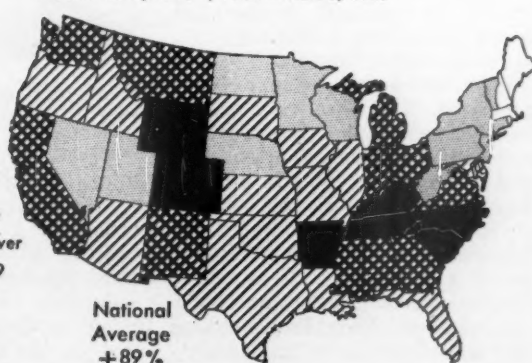
Percent Gain, Mar. 1, 1914—Mar. 1, 1920



Data: Dept. of Agriculture.

World War II

Percent Gain, Mar. 1, 1939—Mar. 1, 1947



© BUSINESS WEEK

Going prices for farm real estate aren't so high now as they were after World War I—even though the wartime percentage gain has been wider this time. Reason: The 1939 level wasn't nearly so high as in 1914, so that the

World War II upswing started from a lower base. Measured by the 1912-14 average, the index for farm land now is 159; in March, 1920, it was 170. Values in some states, however, are much higher than after the last war.

is far from filled. Thus where farmers spent \$1,361,000,000 on buildings and machinery in 1940, they spent only \$1,539,000,000 in 1946—a small increase compared with their vastly greater purchasing power.

Much of the money currently is going for "luxury" equipment, such as milking machines, which will not increase production but will save time. Later—when available—heavy machinery, fencing, roofing, etc., will get a big play.

• **Breakdown**—Here is the way the farm income and spending picture looks in several of the areas that were canvassed

for Business Week by its correspondents.

Kansas—There is virtually no speculating in land. High prices even hold down buying for expansion of growing area. There is practically no indebtedness among the average farms. Small town banks now have three or four times the deposits they had in 1940. There is little foolish spending; farmers even prefer their squawking, three-dialed old radios to new-fangled consoles. Almost to a man, farmers are planning to buy machinery with their backlog of money.

New York—Farmers' saving accounts

are four times what they were in 1940. Money will go chiefly for tractors, combines, drills, spreaders, and such equipment. They will also put in modern plumbing, modern kitchens, etc. Number of borrowers is 60% below 1940, but volume of borrowing is up. Reason: increased cost of seed, fertilizer, equipment, labor.

Tennessee—Savings are about doubled over ten years ago. Farmers are still borrowing some for new equipment for the farm, but they're also paying off whatever loans they had before.

Iowa—Farmers are in the best financial shape since the state was opened for settlement more than 100 years ago. The major effect is a reduction of short and long-term debts. Most of the land purchases by farmers are for cash.

• **Solid Backlog**—Smart merchandisers have long been aware of what this vast money backlog will mean in the way of market. Montgomery Ward and Sears, Roebuck have embarked on a topflight campaign to sell goods to farmers (BW-Mar.8'47,p70). And ordering by farmers has been hot and heavy.

Unlike auto dealers, most farm equipment men find little water in their backlog of orders. According to all the signs U. S. industry is going to benefit handsomely from the savings of U. S. farmers.

Moreover, the farm boom won't blow up overnight. Crop prospects are for another bumper year—and the world is just as hungry as it was in 1946. There will be some drop in prices, but over-all they will probably stay high. And since government price support on practically all crops extends through 1948, there can be no catastrophic fall.

EXPORTER TURNS RETAILER

Foreign exchange barriers are putting a Cleveland machinery maker in the retail merchandise business. It's all because Lempco Products Co., like many other exporters, has been forced to resort to barter to sell in many foreign countries.

The problem involved in such deals has always been: How to convert the barter goods into U. S. dollars? Usual procedure has been to sell through regular distribution channels.

But Lempco has a novel twist. Its import and export division, Lempco International, Inc., will open a retail shop soon in Cleveland. There the public will be able to buy directly exclusive hand-made and imported articles that the company acquires by barter for the punch presses and other machinery it delivers abroad.

Lempco's salesmen and representatives have been on the lookout for unusual and attractive articles; the company expects to get everything from Persian rugs to jewelry and woodcarvings.

Plastics Industry Heads Into Heavy Seas

Industry's glamour child—plastics—is learning a tough lesson in economics: Seller's markets don't last forever.

All last year plastics materials, machinery, and molding time were in tight supply (BW-Oct.26'46,p56). But last week, at the annual meeting of the Society of the Plastics Industry, and at the concurrent national exposition, both held in Chicago, the boys had their order books out.

• **Scouting**—Thermoplastic (heat-sensitive) materials are now readily available for immediate delivery. Injection molding machines, way behind in production a year ago, can now be had on quick delivery. Molders, particularly in the injection field, are scouting for new customers.

An exception: Thermosetting materials like the phenolics, ureas, and melamines (BW-Apr.27'46,p20) are still scarce. These plastics, after molding, do not soften under heat. Compression molders and laminators can't get enough to operate on full schedule.

• **Explanations**—Industry spokesmen explain the oversupply situation and molding slowdown in this way:

(1) Inventory reduction throughout all industry backs up on component parts suppliers such as plastics molders. And a molder facing, a cutdown or cancellation on clock cases, for example, is a poor prospect for a plastic materials salesman.

(2) Many molders duplicated material orders, had plenty of molding powders in inventory. So as soon as the outlook clouded, they quit building up stocks. Some had speculated in the materials on a "gray market" basis. Now they are unloading.

(3) Retail buyers' resistance (BW-Apr.5'47,p50) against shoddy plastic consumer items has been of no help.

(4) Many plastics compounds because of high raw materials costs

can't compete in price with cheaper types. The increasing supply of polystyrene, which sells at about half as much as the other commonly used thermoplastics, has been a factor in this situation.

• **Comparisons**—But no one is selling the industry short. With over 1,000



New president of the Society of the Plastics Industry: George H. Clark, engineering vice-president of Formica Insulation Co., Cincinnati.

technicians at the society meetings, and over 30,000 industrialists at the show, top men of the industry hopefully drew comparisons. This low phase in their business cycle, they said, was like that after World War I, which preceded a large expansion. Also, many potential uses for the materials remain to be developed. And the pent-up demand for consumer goods, both domestic and foreign, still remains to be satisfied.



FAIRER DAYS, BUT SLOWLY

On the freight car production front, the picture is brightening a shade. Builders got output up to 4,123 cars in April, almost double the first-quarter rate. And beginning in July, they are slated to get enough steel for 10,000 a month. With this prospect, car shops are getting operations, such as the welding of frames and

chassis sections (above left), back on an assembly-line basis. They also have been able to hustle the interior finishing job on boxcars and badly needed refrigerator cars (right). But most of the new units won't be built in time to relieve the squeeze quickly (BW—Feb. 8 '47, p19). It takes about 60 days to build a freight car. Even if the 10,000-a-month program starts in July, results won't begin to show until sometime in the fall.

Freight Rate Shifts Approved

Supreme Court upholds ICC's 1945 order, thus stamping its O.K. on principle of equalization. But that order was only a first step. Many problems remain before full equality can be achieved.

The Northeast has just lost another round in its fight to keep the industrial supremacy of the United States. The Supreme Court this week put its official seal of approval on a dream that the South and West have nursed for three generations—the principle of nationwide freight rate equalization.

The court, by a 7-to-2 vote, upheld the interim class rate equalization order that the Interstate Commerce Commission handed down two years ago, in May, 1945 (BW—May 26 '45, p17). This will require the railroads to raise their class rates by 10% in the Northeast and to cut them by 10% everywhere else in the country except in the Far West.

The court's decision settles one of the main legal questions in the equalization case, but it does not by any means make everything cut and dried from here on. There are plenty of other problems where that one came from. And a uniform system of rates applying to the whole country still is a long way off.

• **First Step**—For one thing, ICC's order was only the first step toward equalization—and a pretty tentative step at that. It will affect only one group of rates. And it won't establish complete equality between regions even there.

The freight rate structure of U. S.

railroads is one of the most complicated things ever devised by the mind of man. Experts always have had enough trouble understanding it, let alone changing it. But, in general, there are three kinds of rates—class rates, exceptions to class rates, and commodity rates.

• **Class Rates**—To set up its class rates, a road groups all the commodities that move or might move by rail into some 30 classifications. Then it sets the rate (in cents per hundred pounds) for Class I, and states the rates for other classes as percentages of Class I.

Class rates apply to many—but not all—manufactured articles, and to high-value items of all sorts. Agricultural products and low-value bulk commodities move on exceptions to class rates or on commodity rates. These are special low rates designed to encourage shipment of goods that could not move economically at class rates.

• **Skimming the Cream**—Commodity rates and exceptions now make up the most important part of the rate system. Class rates cover only about 4% of total tonnage—but that 4% is the cream of the traffic because of the high value of the items. For the country as a whole, class rates account for about 6% of freight revenue.

For the better part of 60 years, the South and the West have complained that shippers in Official Territory (north of the Potomac and east of the Mississippi) enjoy a lower rate structure than the rest of the country. Regional champions, such as former Gov. Ellis Arnall of Georgia, have loudly blamed the freight rate system for the failure of industry to spread out evenly across the country.

• **ICC Order**—In 1945, the ICC made its first real concession to the clamor for eliminating regional differentials. After elaborate investigations, it concluded that rate levels in the South and West ranged from 28% to 84% above those in Official Territory. To narrow the gap, it issued an order covering three main points:

(1) Development of a uniform system of classification so that the same commodity would take the same class rating all over the country. At present there are three different classifications in use.

(2) Eventual establishment of a uniform system of class rates in all territory east of the Rockies. The level of this system was to be about 15% above the rates then prevailing in Official Territory.

(3) As an interim adjustment, a 10% increase in class rates in Official Territory and a 10% cut in all other regions except Mountain-Pacific. (Far West shippers, who count on special rates to get their products to eastern markets, discreetly kept out of the debate.)

• **Fight**—Nine eastern states and 33 western railroads went to court to fight the interim adjustment. While the case

Lovett: In Marshall's Footsteps—War to State

The man who built the B-17's and B-29's will be the No. 1 man for Secretary of State Marshall—the man who used the bombers to crush Germany and Japan.

He is Robert A. Lovett, nominated this week by President Truman to become Under Secretary of State on July 1, to succeed Dean Acheson.

• **Bomber-Minded**—Lovett was war-time Assistant Secretary of War for Air. He is credited with first urging adoption of—and then directing—America's heavy-bomber production program from a few planes to more than 500 a month. And he did it over the protests of many of his fighter-plane-minded generals.

More important in connection with his new post, but less well known, is the fact that even during the war Lovett argued his conviction that Russia is the nation the U. S. must watch.

A native Texan, now 52, Lovett is a long-time partner in Brown Brothers Harriman & Co., New York bankers. He was graduated from Yale, took law at Harvard, did a hitch as Navy pilot in World War I, and came out with a Navy Cross. Publicity-shy, he studiously avoids the limelight. He brings to State, however, much of the same qualities of thoughtful, philosophical approach to big problems that characterizes the man he succeeds.

• **Back to Law**—Acheson's resignation comes at the peak of his career under four secretaries, and at a time when his post is at the peak of its importance. He quit, as he said, to return to his law partnership. It will give him an opportunity to recoup his personal fortunes. This was his fourth attempt to resign since the war's end.

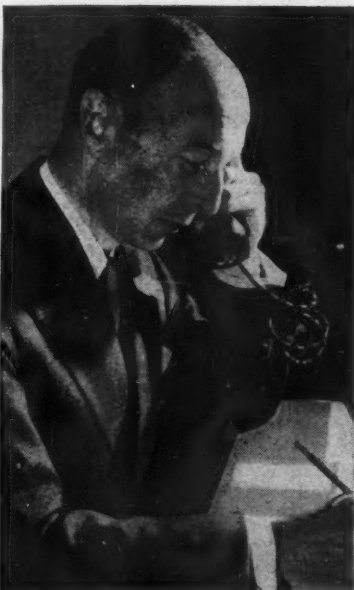
Curiously enough, Acheson's reason for leaving is the same one Lovett gave for relinquishing his War Dept. post in 1946.

Marshall picked Lovett for the post and Commerce Secretary Harriman—a fellow partner on leave from Brown Brothers Harriman—helped Marshall talk him into returning. Navy Secretary Forrestal, a World War I buddy of Lovett, also put in a good word. (But the Navy's gold braid doesn't relish appointment of

another Army man in the high State Dept. echelon.)

• **Shifts in Personnel**—Acheson's departure from State is expected to be the first of a series of major changes. Marshall is aiming at reorganizing the department for what he considers its expanding job of administering American affairs in the new U. S. role of world leader.

At least two assistant secretaries are scheduled to retire—by the time Acheson leaves—if successors can be found. Spruille Braden, in charge of Latin American affairs, probably will be the first. And the current congressional row over the department's



Robert A. Lovett

radio and educational propaganda program is likely to result in resignation of its chief, William Benton.

A third assistant secretaryship—for European, Eastern, and African affairs—has been vacant since appointment of James C. Dunn as ambassador to Italy.

Also, two of the department's top geographical division officials soon are scheduled to leave for posts in the foreign service. They are John Carter Vincent, director of Far Eastern affairs, and H. Freeman Matthews, Director of European Affairs.

worked its way up to the Supreme Court, ICC kept the order in cold storage.

Now that the court has given it a pat on the back, ICC can go ahead with the

interim adjustment. But first it will have to do some tinkering. The general freight rate increase last January hiked class rates about 25% in Official Territory and 20% in the rest of the country

(BW—Dec. 14 '46, p. 19). If it wants to get the same effect as the original order, the commission now will have to refigure its percentages.

• **Next Step: When?**—Nobody knows how long it will be before ICC goes on to the next step in its equalization order. But the best guess is another couple of years at least. The roads still are working on the uniform classification—with the end not yet in sight. Establishment of uniform class rates will have to wait until that job is done.

There also is a possibility that ICC will have to marshal additional evidence before it can order another shuffle in rate levels. Two Supreme Court justices—Jackson and Frankfurter—complained bitterly that the record provided no excuse for imposing a higher charge on eastern shippers. The majority went the other way, but next time it might take more persuading.

• **Problems**—For a while at least, the roads and ICC will have their hands full trimming the ragged edges of the interim adjustment. The business of superimposing percentage changes in class rates on the structure of exceptions and commodity rates will cause a whole new crop of inequities. These will have to be ironed out one by one.

The state of Indiana, for instance, has figured out that under the adjusted rates agricultural implements could be shipped from Memphis to Detroit through Evansville, Ind., at a lower rate than they could be shipped from Evansville to Detroit. The reason is that roads in Southern Territory have granted an exception for agricultural implements that cuts them down to 70% of Class I. In Official Territory, they still have to pay full rate.

TOURIST TABULATION

Boston's Federal Reserve Bank is planning to add a recreation index to its list of facts and figures on its area's business. The object is to provide a clear, up-to-date source of information on a major New England business which has not been thoroughly covered before.

The New England Council and the Massachusetts Development Commission are working with the bank on preliminary research. Franklin A. Milliken, of the council, previously undertook such a "recreation inventory" on a temporary basis. The bank's Dr. Alfred C. Neal proposed making the figures a permanent feature of the Federal Reserve Data. The plan is to ask hotels, tourist homes, tourist courts, boys and girls camps to submit monthly figures on occupancies and reservations.

So far, larger hotels have shown a marked willingness to cooperate. The researchers' immediate task will be to get the smallest places to cooperate with them too.

Sticking to Steel Facts

Commerce Dept. report ducks a recommendation on need for additional ingot capacity, but survey will raise controversy. Points to high cost of constructing new facilities today.

The Commerce Dept. is just winding up its massive study of the steel industry (BW—Oct. 12 '46, p. 5). Like Henry Wallace's ill-fated announcement last year that the auto industry could afford to raise wages, it seems doomed to become a controversial issue.

True, the steel report contains no such straightaway ammunition for any of the antagonists in current battles over steel policy as the Wallace report provided for the auto workers in 1946's wage dispute. It's intended to be a purely factual study of the economics of the steel industry. It makes no forecasts and no recommendations. But it's sure to be seized upon as backing in arguments over steel capacity, prices, wages.

Voluminous—The report, due for publication in June, will be a thoroughgoing affair running to more than 400 pages. By and large, it will offer no particular comfort to the industry on the issue of whether the country has enough steel capacity. But steel men—among whom the report is now circulating—will be able to draw from it strong support for their views on price, wage, and taxation matters.

What is going to stir up most interest are the facts brought out by the report as to impediments to large-scale expansion of steel capacity. The report will indicate:

Rate of return on investment in steel-making has shown a long-term downward trend. It has gone from about 7% at the turn of the century to less than half that in recent years.

Cost of a steel plant has moved markedly upward. Existing capacity was installed at something like \$50 per ton. New capacity today is likely to cost around \$200 per ton.

Not Enough Reserves—One effect of this is that steel company depreciation reserves, limited by tax law to amounts based on original cost, are rarely adequate to replace an obsolete plant.

A second effect is that new capacity has to show tremendous increases in efficiency to counterbalance its fixed-cost disadvantage compared to older plants. Other difficulties:

Tremendous aggregations of capital are required for large-scale capacity expansion. An economic integrated steel plant will now cost close to \$250 million.

Benefits of steadily increasing productivity in steel making have been almost entirely passed on to labor and consum-

ers. They have not been ploughed back into the business.

All of this makes nice reading for steel companies who have been trying to resist tremendous pressure from the Administration to cut prices.

• Mesh of Politics—The Commerce Dept. study has been enmeshed in the complicated politics of steel ever since last fall when the word got around that the project was afoot.

Initially, the large steel-consuming firms seized upon it as an aid in their campaign to stir up some expansion of steel ingot capacity. At that time, many auto companies particularly were becoming convinced that steel shortage was no temporary reconversion phenomenon. They felt it resulted from a fundamental unbalance between steel-making and steel-using capacity.

These and other manufacturers fear

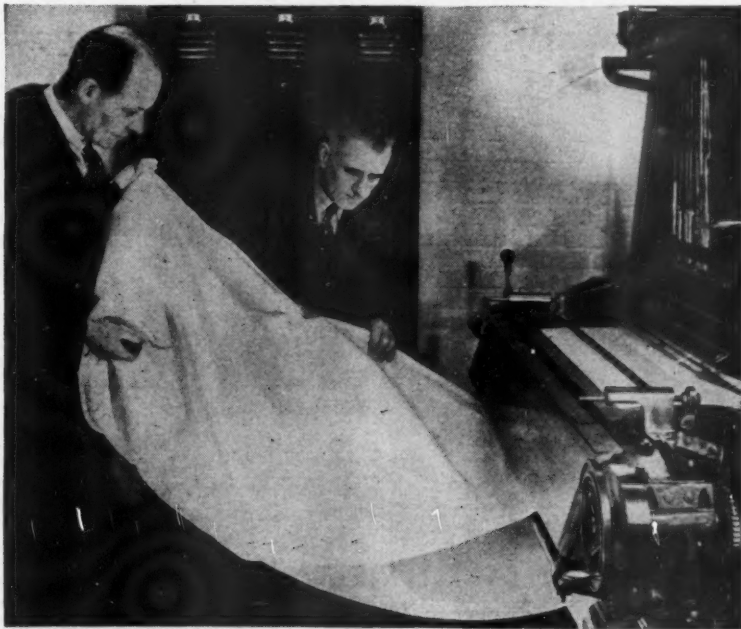
that material shortages will continue to limit operations and raise costs—or at best that they'll be caught in a permanent sellers' market.

• Prodded by Steel Users—Some auto firms were anxious for the Commerce economists to look into the capacity question. Plan was to include in the steel study a section forecasting demand for steel at various employment levels.

This phase of the study was never completed. But it got far enough to indicate that its results wouldn't have differed greatly from several other government studies made over the last six months.

• Estimates—One of the Civilian Production Administration's last acts, before it went into the hands of the liquidators, was a finding that an additional 20 million tons of ingot would be needed within the next two years. This was a quick study based on past ratios between steel consumption and the level of the gross national product, plus assumptions as to future values of the gross national product.

In a much more elaborate study, the Bureau of Labor Statistics concluded: With full employment, steel demand in 1950 would be between 98 million and



MILESTONE IN SEARCH FOR A TEXTILE

British textile engineers are watching with interest development of a synthetic fabric, Terylene. Derived essentially from terephthalic acid and ethylene glycol, it is said to have unusual strength and heat resistance. The fiber can be processed on spinning equipment for cotton, wool, and flax. Imperial Chemical Industries, Ltd., now producing it experimentally, has recently announced plans to develop it for commercial use. Indications are that availability is still several years away.

120 million tons. Present capacity is just under 92 million tons.

• **Joining the Chorus**—Most steelmen resent accusations of inadequate ingot capacity. Convinced that much of present demand is temporary, they don't want to find themselves operating someday at a low percentage of capacity. And they are still studying the possibility of increasing output from present facilities by using tonnage oxygen (BW—Feb. 1'47, p. 72). Obviously the steel makers didn't welcome the prospect of a Commerce Dept. voice joining the chorus.

So the issue became more sensitive than Secretary Harriman relished. Plans for a forecast of demand, therefore, were dropped.

On this basis, the American Iron & Steel Institute agreed to cooperate in the study. The department had the benefit of particularly full data on United States Steel Corp.

WHIZ AT FIGURES

Robot calculators, which can quickly solve intricate mathematical problems (BW—Feb. 16'46, p. 50), have attracted interest of many businessmen in recent months. But the interest was largely academic. Their application seemed lim-

ited to the military, where they could be used to work out ballistics or aeronautics calculations. Besides, the machines cost too much for most industries (\$250,000 to \$500,000).

But new developments promise to make these machines practical for insurance companies, the Actuarial Society of America was told last week at its meeting in New York. "Mechanical brains" now being designed will cost \$100,000 to \$125,000. They may have magnetic tape capable of storing information—a thousand units of information on a quarter of a square inch of tape.

Here's what Edmund C. Berkeley, research consultant of Prudential Insurance Co., told the actuaries such a machine could do: take in the data in regard to a policy being surrendered, look up the cash value, interpolate for the premium paid to date, multiply by the amount of insurance, total any loans, compute the interest on each loan and total that, credit the value of any dividend accumulations and any premiums paid in advance, and type out the check in payment of the net value of the policy.

Berkeley estimated that each machine could do the work of more than 100 human computers.



ELECTRONIC HEAT TO WELD WOOD

Jack B. Cunningham of Burbank, Calif., employs an electric shortwave process to glue woods together on the job. To weld wall panels to 2 x 4-in. studding, he hooks up a one-kilowatt short-wave generator to a hand gun. Electronic waves pass from the gun through wood and glue, generate molecular friction in both. The friction raises the temperature of the glue to its curing point and it sets. Cunningham substitutes this technique for former glue-and-clamp procedures of welding wood to wood.

Ire in Savannah

Suggestion to throw out Naval Stores Exchange and as for government support-buying arouses turpentine dealers.

Under the spring green of Savannah tree-lined Bay St., southern draw quickened into hot words last week Georgia naval stores men, who had been disagreeing among themselves for more than 50 years, were at it again. The cause this time was: severe criticism of Savannah's small, but historically important, Naval Stores Exchange.

• **Vestigial Growth?**—With a glance at a drop of 25¢ per gal. in gum turpentine's price in one week (to 52¢), Harlan Langdale, president and voice of the inland American Turpentine Farmers Assn., charged: "The exchange no longer constitutes an accurate index of supply and demand in gum naval stores [made from sap drawn from trees]. It has outlived its usefulness." Langdale (who likes his friends to call him Judge) compared the exchange to a bothersome appendix, concluded his attack by recommending its removal.

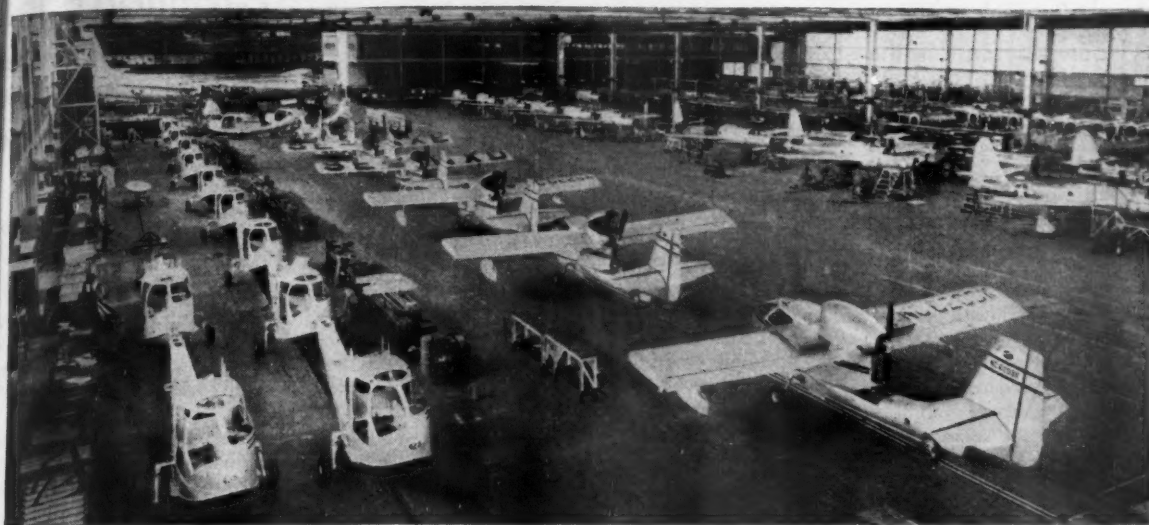
Savannah dealers struck back quickly. O. T. McIntosh, chairman of the market's executive committee, called the charge "intemperate, ill-advised, and unfounded." The Savannah price, asserted the dealers, was an accurate index of turpentine's price based on demand. They remarked that Langdale's group had not complained when turpentine advanced 50% within four trading days last November.

• **Ancient Grudges**—Underneath last week's surface tensions were old and deeprooted disagreements. Small turpentine farmers in Georgia and Florida pine flats often suspected their products were worth more than the city factors (traders) said they were.

In the mid 1930's, when turpentine was selling for 30¢ a gal., a group of large turpentine producers formed the American Turpentine Farmers Assn. They enlisted many small operators, sent Langdale and some influential members of the industry to Washington to lobby for them.

Under their prodding the Commodity Credit Corp. bought up large quantities of gum turpentine and rosin, boosting their prices. The government sat on the supplies, turned them over at a handsome \$1,625,408 profit during later wartime scarcities.

• **Up and Down**—When price controls were released last fall, gum turpentine shot up rapidly from its former \$1.00 ceiling to \$1.50. Old Savannah traders knew that gum turpentine had to compete with cheaper—and more firmly



A NEST OF PLANES FOR WAR AND PEACE

Flocking together on the assembly floor of Republic Aviation Corp., Farmingdale, L. I., are birds of several very different feathers. Sportsmen's week-end fishing planes adjacent to lines of jet fighters are representative of the pattern of peacetime plane production. Planes

in the foreground are Republic's four-place civilian Seabee amphibians; on the far right is the final assembly line for P-84 Thunderjets being made for the Army Air Forces. The four-engined craft in the left background is one of two XF-12's built by Republic for the AAF; the plane, which attains a reported speed of 450 m.p.h., is intended for long-range, reconnaissance work.

BACK TO BIDS

The Army formally is resuming procurement of supplies by advertising for competitive bids. Purpose is mainly to assure suppliers, especially newcomers, that nobody is being shut out by continuation of the wartime practice of negotiating contracts for special goods and services.

Actually the shift back to competitive bidding has been in process for some time. The trend has been helped along by firming of prices, which has enabled bidders to anticipate, with increasing accuracy, quotations on goods for future deliveries.

The Navy says it, too, is shifting back to advertising. But it has not yet seen fit to formalize the trend in an announcement.

The services are still procuring special items and development services by negotiated contracts. Authority to do so expires July 1. To avoid an interim after that date in which negotiation would be illegal, the services have a joint procurement bill before Congress which would authorize negotiation indefinitely. The bill recently passed the House by unanimous vote, is now up for hearings before the Senate Armed Services Committee.

The bill would continue the bulk of procurement under advertising for bids, but would authorize numerous exceptions. Under these exceptions, contracts could be negotiated where the cost

would be less; in cases of need to keep key companies alive for emergency; for design and development work; and where security is involved.

THE FIRE HAZARD

Producers of oil paints got a big scare in Washington last week at the first National Fire Prevention Conference. A committee's preliminary report recommended that oil paints be used sparingly in treating interior walls and ceilings of public-assembly buildings. Cold water paints were suggested as an alternative to eliminate hazards where walls are covered with numerous coats of oil paints.

Paint industry representatives succeeded at the last minute, however, in getting the report toned down. The final version was a suggestion to require selection of interior wall coatings with regard to their ability to resist the spread of flames.

Attendance of the conference, called by President Truman, totaled over 2,000. Final committee reports put great emphasis on the theme that the construction industry can and must build structures to withstand fires. Over 50% of the \$560-million loss from fires last year (BW-May 10 '47, p34) was laid to inferior building construction.

Reports also echoed the recommendations of the National Fire Protection Assn. (BW-Jan. 25 '47, p19) for safety measures in existing buildings.

priced—petroleum-base paint thinners and turpentine distilled from stumps. They decried the rapid rise. But the damage was done.

By the time tank cars of the product, bought at the abnormally high price, arrived in northern centers, it had dropped 40¢ to 30¢ per gal. Orders slacked off as dealers and distributors turned to the cheaper substitutes.

To make the situation more acute, the big foreign demand, which the trade anticipated at the beginning of the year when export quotas were lifted (BW-Jan. 18 '47, p47), never took form. Dollar credits were needed for other commodities. Hence, despite the acute scarcity of gum turpentine the demand was unimpressive.

On to Washington—By the end of last week, Langdale was in Washington, deep in conferences with the CCC. His aim: a renewed government-support program for gum turpentine and rosin.

CCC officials admitted this week that they were considering such a move. But they also admitted they were fearful that such a program would mean the withholding of gum products from the market, to the advantage of the competing wood naval stores industry. Under the plan being considered, gum turpentine would be pegged at 90¢ a gal.

But to many dealers, this price would be too high. One New York dealer commented this week: "We could move all we produce at 60¢. But we'll run into difficulties at anything higher."

R.I. Job Losses

Unemployment in the state spreads suddenly from textiles to several other businesses. USES expresses concern.

Rhode Island was sure last week that the recession was here.

At first, there had been little cause for concern in the state's economic lag. Industrial dips had been gradual, spotty, generally not too serious. Half a dozen woolen mills closed (BW-Mar.22'47, p22). Then finishers and printing (cloth) establishments went on half time. There was a sudden standstill in shoelace mills (BW-Apr.12'47,p21), some hesitancy in worsteds.

Mill men were inclined to laugh all this off. They blamed temporary consumer resistance, the ensuing caution of mill customers, the unexpectedly early filling of pipelines. The United States Employment Service seemed to agree. It had just issued its March labor analysis showing minor dips in textiles, but pointing out steadiness and even gains elsewhere.

• **Thunderhead**—Then, almost without warning, everything changed. Unemployment accelerated sharply, spread from one industry to another. Hastily, the USES notified its mailing list to forget the March labor analysis; it no longer meant anything. The fluffy white clouds in the employment sky had suddenly turned into a towering, threatening thunderhead.

Overnight, USES was flooded with jobseekers. Worse, while laid-off workers lined up at front office counters, USES clerks upstairs were mailing hundreds of additional release forms requested by plants around the state. The Rhode Island office of USES would not guess where it would end. But its top officials were anything but cheerful.

• **"Is Most Depressing"**—They commented: "The current labor market situation is the most depressing one witnessed in this state since the end of the war. It is marked by lowered activity, labor reductions, increasing unemployment, and doubtful prospects in most segments of business and industry . . .

"Since . . . March . . . the over-all situation has been growing rapidly worse . . . the number of workers laid off and those who are to be laid off in the next few weeks may well run into thousands, involving workers of both sexes and in all occupations. How much longer the present decline in industry will continue cannot be ascertained; the employers themselves don't know."

What had happened?

Primarily, the answer was that the area's recent decline in textiles, jewelry

(BW-May10'47,p22), and the wholesale and retail trades had spread to most other industries and businesses. To the USES, this meant that the slump was assuming the proportions of a general recession.

• **The Figures**—That was borne out by Rhode Island unemployment figures. During the third week of March, unemployment was estimated at a minimum of 23,000, a rise of some 1,000 over the corresponding week in January. USES regarded this continued rise serious enough in itself, but it turned out to be only the beginning. Now USES estimates total unemployment at a minimum of 28,000—5,000 more than the third week of March.

Even those still employed will be hit. USES field men point out that broad-scale reductions in hours will deepen the cut taken out of wage earners' income. Work schedules in heavy machinery, machine tools, and rubber plants are being cut from 48, 45, and 42½-hour weeks (with overtime) to the straight 40-hour week.

• **Declines Elsewhere**—The textile let-down had affected other areas besides Rhode Island. Ware & Hampshire Woolen Mills of Ware, Mass., for example, has gone on a three-day week. Also, the Door Woolen Co. of Guild, N. H., has shut down tight, throwing 240 out of work.

COOKING ON THE BEAM



For epicures of the atomic age, a White Tower Restaurant in Brookline, Mass., serves radarburgers. By means of Radarange, an electronic stove made by Raytheon Mfg. Co., beamed energy from a magnetron tube cooks the burgers in about 15 seconds. For take-out service, radarburgers are wrapped in paper, placed in a paper bag, and cooked.

\$187-Million Burial

U. S. sends first shipment of coffins to bring back its war dead. Nine specially converted ships will be used.

The Liberty ship Joseph V. Connolly (named for a famed Hearst newspaper man) sailed from New York on Apr. 3 with a solemn and significant cargo. In her hold were 6,300 coffins. They were the initial shipment to Europe for the return to the U. S. of America's war dead. The first bodies will arrive here by Oct. 1.

• **Lower Cost**—The program will cost the nation about \$187,500,000. Original estimate was \$210 million (BW-Dec.29'45,p26). The reduction represents savings from adapting war equipment to the repatriation of war's victims.

The Joseph V. Connolly is one of eight Liberties and one Army freight supply steamer attired for this special duty at a cost of \$1,380,000. Five ships are assigned to the Atlantic and four to the Pacific. Each voyage will bring home about 6,300 bodies.

For land transport, the Army has spent some \$1,300,000 turning 118 railway hospital cars into funeral coaches, making over 324 ambulances into hearses.

• **80% to Be Returned**—After the first World War, 61% of the 77,900 American battle dead were returned at the request of next-of-kin. The rest remained in permanent military cemeteries abroad (there are six in France, one in England, one in Belgium). As a result of questionnaires sent to families, 80% of the second World War's 328,000 dead will be brought back to this country. One reason for the higher percentage: Most American losses in the previous war were in France, a friendly republic where many families were willing to have them remain.

Out of every 100 families asked, 64 wanted their dead buried in private cemeteries in this country, and 13 requested burial in U. S. military cemeteries. (Only eleven out of 9,088 returns asked that bodies be cremated before being sent home.) Few relatives seem to agree with the philosophy of Gen. George S. Patton's widow—that the soldier should be buried where he falls.

• **Obligations**—The American Legion claims credit for the law providing for return of the war dead.

The program imposes special obligations on businesses that will get a share of the government's expenditure.

Biggest item in the cost is \$35 million for 250,000 caskets and cases. The coffins are steel, the cases plywood. To get needed supplies of these short ma-

Or bake cakes, or even mow lawns.

The Comptometer Check-and-Payroll Plan was not lifted from the Book of Miracles. As a fact, the only miracle it performs is in the office — where it gives permanent records from original postings.

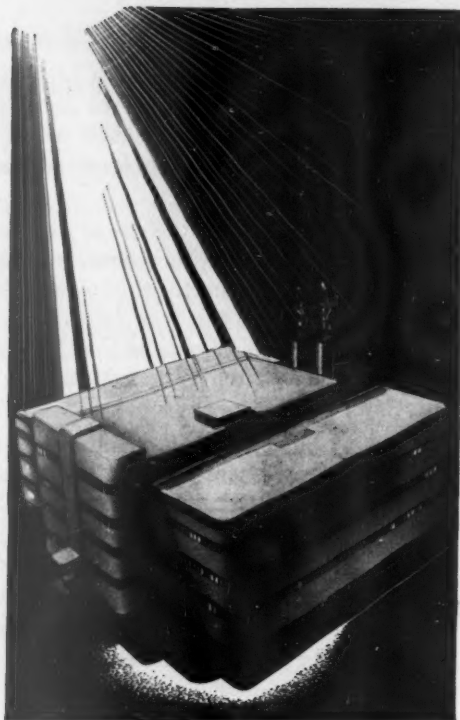
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In one of this decade's most significant developments in insulation, UGL technicians have perfected an aluminum roof paint that actually cools buildings while protecting roofs.

The product is "Gilsalume." Major ingredients of this new aluminum roof paint are Gilsonite—the world's best asphalt—and chemically pure Aluminum pigment.

When Gilsalume is applied, the aluminum forms a metallic shield that reflects 70% of the sun's radiant rays, reducing interior temperatures as much as 15°. Gilsalume seals out heat, rain and snow, adding years of life to all types of roofs on plants, warehouses, theatres, stores, farm buildings, homes.

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PROTECTS BECAUSE IT REFLECTS

terials, the Army Quartermaster General had to put pressure on the Civilian Production Administration. Ag marked a peak casket output of 27,000. Contracts went to: Continental Industries, Chicago; Cincinnati Coffin Co., Goodyear Aircraft Corp., Akron; G. W. Innot Products, Alliance, Ohio; National Mfg. Co., Plainfield, Conn.

Though produced by mass methods, the coffin is well designed. An Army spokesman estimated that a unit which costs the government \$140 would sell for \$300 at an undertaker's.

• **Other Supplies**—The U. S. Budget Bureau and others made critical inquiry about a \$27,500,000 allotment for "mortuary supplies" which newspaper reports included in the program. Apparently this was an error. The Army figure for the item is \$2,254,000.

Additional contracts which industry must fill:

- 250,000 headstones or bronze grave markers;
- 3,000 metal urns for the ashes of those cremated (mostly by the Japanese);
- Textiles for the 5 by 9½ ft. flag to drape each coffin.

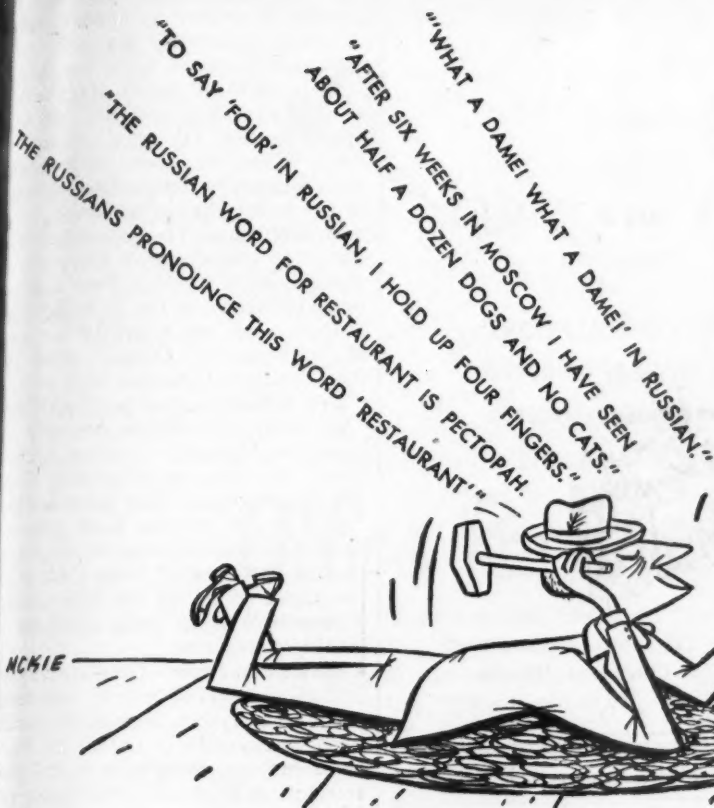
These last will require 586,700 yd. of scarlet, 500,200 yd. of white, 213,000 yd. of blue mercerized cotton. Flag will be given to the servicemen's kin after the burial.

• **Chiefly Army's Task**—The program applies alike to soldiers, sailors, and Marines. But since many Navy and Marine Corps dead were buried at sea, the task for these branches of the service is far simpler than the Army's. With the exception of the 65,000 missing bodies have been removed from enemy countries and concentrated in temporary foreign cemeteries.

The dead serviceman's family has four choices: burial in a U. S. private cemetery; burial in a U. S. military cemetery; burial in a permanent military cemetery overseas; burial in a private cemetery overseas. From temporary cemeteries, those to be returned will be brought by the shipload—from Europe to New York and from the Pacific to San Francisco.

At the ports, the converted ambulances will transfer bodies to the funeral railroad cars. These will be made up into trains and sent to distribution centers—Schenectady, N. Y.; Charlotte, N. C.; Philadelphia; Atlanta; Columbus, Ohio; Chicago; Kansas City, Mo.; Memphis; Ft. Worth; San Antonio; Ogden, Utah; Seattle; Mira Loma, Calif. New York and San Francisco also will serve as such centers. The U. S. provides all transportation.

• **Military Escort**—From the centers bodies will be sent (usually by railroad) to specified points, handed over to next-of-kin. A military escort (one serviceman of equal or higher rank than the dead) will travel with the body, deliver it to



The scene is Moscow and the words are the words of Carlyle Holt of The Boston Globe, the only Boston newspaper to send a man half way round the world to cover the conference of foreign ministers.

As you will gather from the quotes — and as hundreds of thousands of delighted New Englanders have gathered from the pages of The Boston Globe — Mr. Holt is no ordinary, routine reporter, and he carried with him to Moscow no ordinary assignment.

"The Globe," the managing editor told

In May a selected list of Carl Holt's human, amusing and interesting dispatches from Moscow will be printed in booklet form. Write or call us for your copy.

him, "employs more news services, syndicates, and foreign correspondents covering the straight news at that conference than any other New England newspaper*. You tell us what the Muscovites and the conference look like to a Boston 'bean'."

And that is just what Carl Holt did! Ever see a Russian punch and judy show? Meet a Ballerina? Get a ham sandwich and a bottle of orange pop at a state reception? Watch a Red Army Choral singer flirt with a girl in the audience? Globe readers did — through the eyes and typewriter of Carl Holt.

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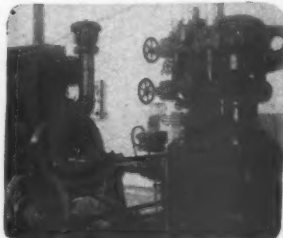
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the family and, if requested, stay for the funeral.

For burials in military cemeteries the government assumes all costs; for burials in private cemeteries the government responsibility ceases when the body is turned over to the family. But the family is given \$50 toward the costs of a private funeral. (When a veteran dies the government donates \$150 toward funeral expenses but provides no coffin as it does for returned war dead).

• **Inconvenience**—The government is required to provide grave space for all applications in the War Dept.'s 80 national cemeteries in the U. S. But most of them are inconvenient for vast areas of the population. Only 25 states and the District of Columbia have any.

Bills before Congress propose 76 new "Arlingtons." These are naturally opposed by National Cemetery Owners Assn., the American Cemetery Assn., and allied interests. They point out that "97% of all veterans have preferred burial with their families, in cemeteries of their own choice." Since there is little chance of any of the bills passing, Army policy is to make additions to existing cemeteries.

• **Private Cemeteries**—There are between 20,000 and 30,000 private cemeteries in the U. S., ranging from small churchyards to expansive burial parks. Many larger ones are setting aside special plots of landscaped ground as memorial gardens for the graves of war dead. In some cases grave space is offered free. In one respect the demand for burial space competes with demands of the living for habitation. The government, through its housing expediter, has placed restrictions on the building of large mausoleums which would absorb materials needed for homes.

COLLEGE CONSTRUCTION

U. S. colleges, bursting at the seams with the biggest enrollments in their history, have embarked on a \$1 billion nonhousing construction program. But before their plant facilities are anywhere near adequate to meet their needs, they will have to spend an additional \$2 billion. Even when this is finished, they will have only an average of 110 sq. ft. of nonhousing floor space per student, as compared to a prewar space of 175 sq. ft.

These figures were summed up last week by Ernest V. Hollis, chief of the veterans educational facilities program for the U. S. Office of Education for the Senate Committee on Labor & Public Welfare. It is considering a bill to provide \$250 million in federal aid.

Hollis testified that the \$75 million provided by Congress last year had been almost all spent. It had been earmarked for nonresidential construction at colleges where veterans are in attendance.



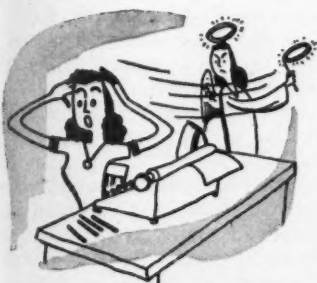
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It was as if an atom bomb, instead of an angel, had entered the room.

"I've come to take back your halos," the mad angel said. "I've just learned that

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AUTOMOTIVE

Meter Makers Look for Boom

Manufacturers of coin-operated parking devices see a big market as a result of city drives to ease traffic congestion. Use to replace attendants in off-street parking lots opens new field.

Mounting traffic congestion is the ill wind that is blowing the parking meter business to postwar highs. About 300,000 meters have been sold to traffic-bound towns and cities since V-J Day (of which some 200,000 have been put into operation). That is more than all the meters produced and sold before the war.

Approximately 1,000 communities of all sizes are now using more than 500,000 penny and nickel meters, both manually and automatically operated.

• **Market for 800,000?**—The industry is not clear on its sales potentialities. Some manufacturers seem to think that about 800,000 meters will be about all the communities can be expected to use. But off-street parking may increase the potential greatly.

In 1946, about 50% more meters were produced than in all the prewar years put together. Annual capacity now is figured at 200,000 meters. Despite shortages of materials, manufacturers are making reasonably prompt deliveries.

• **Off-Street Parking Eyed**—The future of the parking meter industry depends a great deal on the shifting attacks of communities upon their traffic problems (BW—Apr. 6'46, p21), and the ability of

the meter industry to adjust its products to modern parking trends.

These trends are mixed between programs for off-street parking facilities and plans to make more effective use of available curb parking. Failure to do either is forcing many cities like Philadelphia, Chicago, Pittsburgh, Baltimore and New York to ban all parking in certain downtown districts.

Hence, meter makers are giving considerable thought to the field of off-street parking. In Miami and some other cities meters have been installed on city-owned parking lots to replace attendants. Fees vary from 5¢ for 60 minutes to 5¢ for 90 minutes, or 25¢ a day.

• **New Models Coming**—Manufacturers are planning to exploit this new market with a new series of streamlined models now on the drafting boards. Relatively few changes have been made in meters during the past decade, other than minor mechanical improvements.

Some 15 companies started out eleven years ago in the meter business, but several fell by the wayside. In those days, the single-coin machines were in vogue. Combination penny and nickel machines are mostly in use today. Some cities install several types of meters to



To keep the center thoroughfare open, meter-equipped parking areas on both sides offer Miami Beach motorists a haven that few busy streets provide.

meet the needs of varying traffic volumes in different areas.

Still a Sales Job—Meters are sold to cities generally on a no-cost, 6- to 12-month trial basis, and paid for out of revenues on a 50-50 basis, or on a 25 basis favoring the companies. Meters are made by state agents on commission, who employ sub-agents. While demand is still great, and the opposition from business and motorists has increased tremendously through education, the product still has to be sold in many communities.

Meter revenues have been quick and satisfying. Some 150,000 meters in 323 cities in 1944 took in \$9,383,907—or \$2.38 per meter. Gross meter returns for the year in Buffalo, for instance, were \$251,354; in Minneapolis \$146,799; Oklahoma City \$86,754.

Profits are generally earmarked for traffic improvements, police department expenses, and off-street parking facilities.

LOOK—NO TUBES

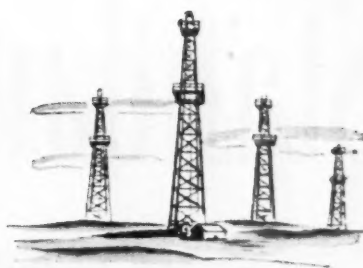


A tire without a tube has been a goal of rubber industry research for some 30 years. This week the B. F. Goodrich Co. announced that it's got one.

A big problem of the engineers was to fortify the single casing against punctures. A sealant of soft, sticky rubber that lines the rayon-cord carcass does the trick. The beaded section is tailored to fit the flange in the steel rim to guard against loss of air. To the eye, the distinguishing feature of the tubeless tire is that the valve is nearer the outside of the rim.

Goodrich reports that the new product has been road-tested for months. Now it's seeing service on a taxicab fleet, state police cars, and some privately owned cars.

At present, the tire will be offered for limited sale only—at a price somewhere between that of an ordinary and of a premium tire.



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like the large, 48" OD angular contact ball bearing illustrated, or for other heavy duty, large size, or out-of-the-ordinary anti-friction bearing requirements,

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Standard Oil Company

Some highlights from the Annual Report for 1946, which has just been issued

The conduct of business and the welfare of people in general are closely related here in the United States. That is why we publish the following summary of this company's annual report to its 164,000 stockholders. Put as briefly as possible, here are the year's developments in our work which are of the broadest public interest.

Eugene Holman

EUGENE HOLMAN
PRESIDENT

Frank W. Abrams

FRANK W. ABRAMS
CHAIRMAN OF THE BOARD

THE WORLD'S NEED FOR OIL in the postwar period is developing even more rapidly than was expected. Not only in the U.S. but world-wide, demand for oil products in 1946 was the largest in history, exceeding even the war years' period. The pressure of demand is being felt in all lines of the business.

AFFILIATES OF THE COMPANY are now operating practically at maximum capacity—a situation prevailing throughout the industry. Needed increases in output can be achieved only by enlarging every operation from well to market. In financing these activities, capital expenditure in 1946 reached the record figure of \$279,000,000. The budget for 1947 provides for further increases. Construction of needed new facilities is one of the industry's major tasks for the immediate future.

NET EARNINGS accruing to the interest of Jersey shareholders represent a return of 11.12% on average net worth, or 10.80% on total income of the Company and its affiliates. Such consolidated earnings for 1946 came to \$6.50 per share of outstanding stock, a total of \$177,610,000. Net income for the parent Company was \$3.83 per share, a total of \$104,770,000. Dividends of \$3.00 per share were paid by the Company during 1946.

OF TOTAL MONEY TAKEN IN from all sources by the Company and its affiliates, 64% was paid out for

crude oil, other materials and supplies, maintenance, direct taxes, and similar necessary expenses.

36% REMAINED after these expenses. Of this remainder, 65% was paid to 115,000 employees, 13% went as dividends to the Company's stockholders, 16% was held for use in the business, and 6% was the amount applicable to minority ownership of subsidiary companies.

INCREASED PRODUCTION AND SALES reflected the world's growing need for oil and its products. World-wide production of crude oil by Jersey affiliates increased 9.6% over 1945. Working at or near capacity, refineries of Jersey affiliates processed 7% more oil than in 1945—producing 9% of total U.S. petroleum products. Sales by affiliates also reflected rising need for oil. With relaxation of rationing, there has been increased use of oil products not only in this country but also in most of the foreign countries served by Jersey affiliates.

19 OCEAN TANKERS were purchased in 1946, in replacing tankers lost during the war. To promote greater safety at sea, three of our ships have now been equipped with radar and two more are being so equipped.

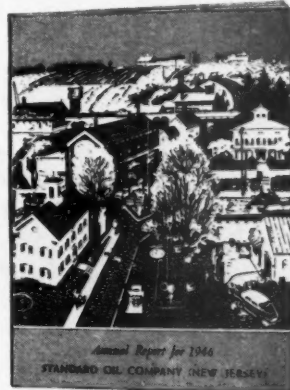
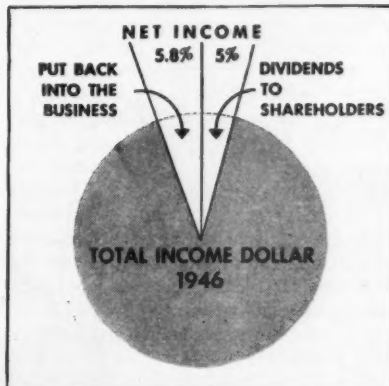
RESEARCH WORK during the year moved ahead, developing better and more versatile processes and products. Special attention was given to develop-

y (New Jersey) reports...

WAGES AND DIVIDENDS

115,000 Employees Shared
\$391,000,000

164,000 Owners
Shared \$82,000,000



EACH FIGURE REPRESENTS 6,975 PERSONS, and the bars represent the amounts of income each group received from Jersey in 1946. The sum of \$391,000,000 was paid to employees of the Company and affiliates in wages, salaries and benefits. Dividends amounted to \$82,000,000.

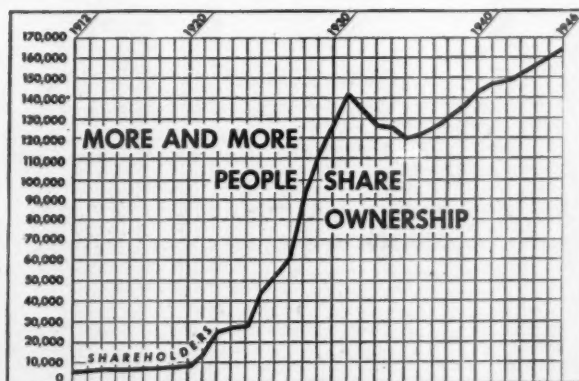
THIS SHOWS THE AMOUNT OF NET INCOME accruing to the interest of Jersey shareholders during 1946. It shows also the proportion paid to these shareholders in dividends and that left in the business to meet future capital expenditures, etc.

COPIES OF THE FULL REPORT are available on request. Address Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

ment of high octane gasolines to anticipate the requirements of coming higher compression automobile engines—giving greater power and increased miles per gallon. Semi-commercial conversion of both natural gas and coal into oil products has shown encouraging progress.

GOOD LABOR-MANAGEMENT RELATIONS during the year continued the Company's long record of industrial peace. There was no domestic strike or work stoppage during the year. 88% of former employees discharged from the armed services have returned to work for the Company. In addition, 11,577 veterans were newly employed by the Company. More than 78% of eligible domestic employees participated in the Group Insurance Program. Employees saved \$17,615,000 in the Thrift Plan last year, to which their employers added \$30,329,000.

LOOKING AHEAD, it is clear that if men, through science and machines, are to drive persistently toward better living standards for all people, vast quantities of oil must be found, brought to the surface, refined, and distributed to all parts of the



WIDENING OWNERSHIP OF NEW JERSEY is shown by the fact that the number of shareholder accounts has increased from 5,816 in 1912 to 164,000 as of December 31, 1946.

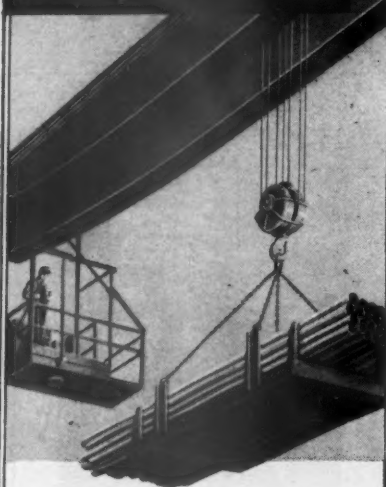
world. Standard Oil Company (New Jersey) is increasing substantially its activities and investments abroad as well as in this country. These are practical demonstrations of our confidence that American enterprise can help meet the needs of people everywhere and thereby serve the cause of lasting peace.

STANDARD OIL COMPANY (NEW JERSEY)

AND AFFILIATED COMPANIES

**A COMPANY
IS JUDGED**

*by the Customers
it KEEPS*



For nearly fifty years, America's leading manufacturers in many fields of industry have relied on Northern Overhead Traveling Cranes for dependable material handling service. Today, repeat orders from old customers constitute a large percentage of our business.

Our engineers are constantly improving the construction and operating characteristics of Northern Cranes. Higher operating speeds, better control, higher efficiency, are some of the developments offered in the new Northern Cranes—developments which have helped us keep customers through the years.

These companies are among the large users of **Northern** Cranes:

Aluminum Company of America
General Electric Company
Westinghouse Electric Corporation
Johns-Manville Company
United States Gypsum Company
General Motors Corporation
Detroit Edison Company
Gulf Refining Company
E. I. du Pont de Nemours & Co., Inc.
R. C. Mahon Company
Chrysler Corporation
National Carbide Corporation
Mueller Brass Company
Ex-Cell-O Corporation
Write for literature describing
Northern Cranes.

**NORTHERN
ENGINEERING WORKS**

2607 ATWATER ST., DETROIT 7, MICH.
Offices in Principal Cities

Duplication of Orders Nicks Parts Makers

Duplication of orders and the rapid filling of retail shelves have begun to be felt among the automobile parts makers. The effects so far are slight—and confined to the replacements segment of the industry. Orders from auto and truck makers are holding steady, however, as was expected (BW—Jan. 18'47, p38).

• **Starving Jobbers**—The roots of the replacement parts situation go back to the early days of the war-induced shortage. Supply-starved jobbers placed huge orders, duplicated them with many producers.

When parts manufacturing began moving at record levels last year, duplication showed up as orders began to be filled. Result: Here and there, jobbers are canceling orders at factories for the well-stocked items in their unbalanced inventories. (Some cancellations may be ill-advised; replacement parts business always slips off in winter, makes stock before the summer boom seem larger than it really is.)

Supplies on hand are definitely out of balance. One wholesaler may have an oversupply of pistons, another—even in

the same city or trading area—may be short of them. And even within the classification of pistons, there may be too big a stock of one size, not enough of another.

• **The Future**—As yet, there is no clear pattern of which parts are scarce and which most plentiful. But informal estimates indicate that jobber inventories as a whole are bigger today than prewar. Both dollarwise and in physical volume. But sales are good, too.

The number of older cars on the road keep parts requirements on higher ground than during the prewar period. This means that the parts business will continue to maintain itself in near record ground for some time still to come.

AUTO MEN AID STINSON

Light-plane makers have fared worse in the general slowup of aircraft production (BW—Mar. 22'47, p20). Several companies, in fact, have either suspended or drastically cut back their light-plane programs. But the Stinson Division of Consolidated Vultee Aircraft Corp. tells a different story. In April it hung up a new postwar sales record.

Stinson built and sold 316 aircraft in the four-place category—more than all



LADIES IN THE DARK, BUT COMFORTABLE

Blind dates with product analysts are all in the line of duty at Ford. Or so says the publicity release which explains that blindfolded young women serve to check head and leg room, general comfort of car interiors. End product: design data for future models. But the blindfolds aren't explained. Whether they're to hide the secrets of tomorrow's cars or are handy devices for a good publicity shot is conjectural.

"Products fashioned from growing trees to serve essential industries"

**on the way
to new heights
of health**

....

**with the
unseen aid
of St. Regis
multiwall
paper bags**

Pure, nourishing bread is more than the staff of life . . . it is a ladder to vigorous health and growth. Though taken for granted in this land of plenty, bread is today more pure and nutritious than ever — more valuable as a food for growing youngsters.

Most of the credit for the heightened food value of bread belongs to America's millers and bakers. By their efforts, new, enriched flours have been developed, and higher standards of bread purity have been attained.

Among many sanitary improvements, one of the most significant is the increased use of St. Regis multiwall paper bags as shipping containers for baker's flour. Filled at the mill by high-speed St. Regis packing machines, multiwall bags keep flour clean and pure on the trip by rail and truck from miller to baker.

Producers and processors of many other food products have also adopted Multiwall bags as heavy-duty shipping containers. Today, their use has grown to include over 400 commodities; feedstuffs, cement, lime, fertilizers and chemicals, as well as flour, sugar, salt and other food products.

In its 43 plants throughout North and South America, St. Regis also manufactures: Printing, publication and specialty papers . . . "Tacoma" bleached and unbleached sulphate pulp . . . Panelyte — the St. Regis structural laminated plastic.

ST. REGIS PAPER
Company

230 PARK AVENUE, NEW YORK 17, N. Y.

St. Regis products are sold by St. Regis Sales Corporation:
Offices in New York • Chicago • Baltimore • San Francisco

and 20 other industrial centers

IN CANADA: St. Regis Paper Co. (Can.) Ltd., Montreal

"TO SAVE LIVES AND PREVENT WORK DELAYS"



In foreground, the steel work of Stuyvesant Town. Beyond, Peter Cooper Village nearing completion.

HOUSING for more than 11,000 families—56 big apartment buildings on 8 acres of land—in the heart of Manhattan . . . more enduring tributes to the service of Insurance!

Just as the war effort compelled the construction of great arms factories, training bases and war workers' communities, today's national housing shortage again calls for an accelerated building program. A nation's thanks to Metropolitan Life Insurance Company for its STUYVESANT TOWN and PETER COOPER VILLAGE, symbols of housing relief on a country-wide scale!

Vital Public Liability and Workmen's Compensation protection on these mammoth projects is provided by our organization, as on the huge PARKCHESTER housing development in the Bronx prior to the war. With this insurance program goes the highly important service of our Safety Engineers TO SAVE LIVES AND PREVENT WORK DELAYS—a service which speeds essential construction. Our experience in servicing both large and small projects can be applied to your construction or engineering problems. Our nearest agent or your broker will be glad to tell you how.



**AMERICAN SURETY COMPANY
NEW YORK CASUALTY COMPANY**

Affiliate: SURETY FIRE INSURANCE COMPANY

"Dependable as America"

100 Broadway, New York 5, N. Y.

the others in that size class combined. Since the Stinson Flying Station Vultee retails for \$5,949 and the Voyageur for \$5,849, the April volume of business delivered at retail amounts to around 850,000. Stinson's showing for the four months of 1947 is 1,009 planes built and sold.

The division gives credit for the order to automotive production and merchandising methods. Costs are shaved at the Stinson plant in Warren, Mich., just outside Detroit, by an assembly technique. Every 76 minutes a new Stinson ship rolls off the line ready for flight.

These ships are designed to sell in the family market, just as passenger cars tailored for women's approval as well as men's. Cabins are soundproofed with glass fiber; interiors are attractively styled throughout.

A team of sales experts drawn largely from the automobile battle arena are merchandising Stinson planes. At the top is William A. Blees, vice-president of sales for Consolidated Vultee, formerly a major sales executive with Packard, Buick, Oldsmobile, and Nash. Advertising and sales promotion for the Vultee division are being directed by Carl H. Hays, who once held an equivalent post with Olds.

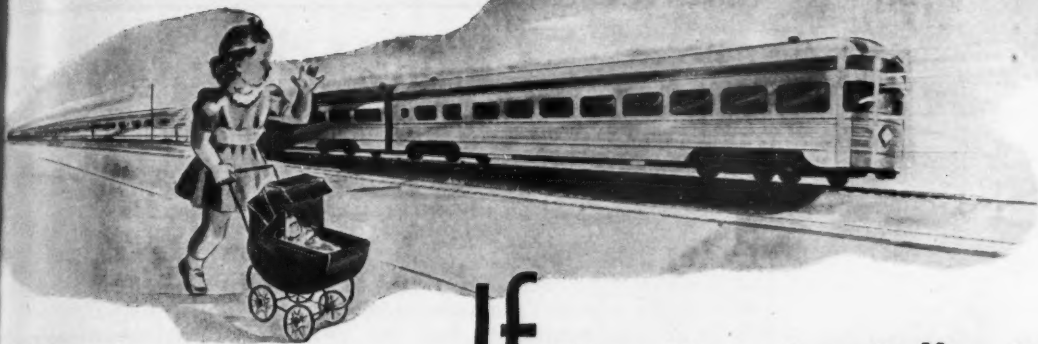
The general sales manager of Stinson itself is an aircraft man—William Klenke, Jr. But his staff includes many men who cut their merchandising teeth in autos.

JEEPS FOR JAPS



The Army is leaving its mark on Japan in more ways than one. In Tokyo, pint-sized Jeeps made by a Japanese manufacturer help kids play "G.I." Japanese children inspect them in a department store, find that, like almost everything else in Japan, they bear the ubiquitous slogan, "Killy was here."

From Toys to Trains



If You Use An Adhesive

PRESSTITE #243

**Firmly Bonds Surfaces
Quickly, Easily, at Less Cost!**

Presstite #243, the new adhesive incorporating a thermoplastic resin for greater strength, gives a firm bond to practically any clean surface — use it to cement metals, fabrics, leather, rubber, paper, wood — one to the other or each to each. Presstite #243 is a better adhesive that does the job quickly, effectively and more economically. Often it eliminates the cost and labor of screws, clips or fasteners.

When set, Presstite is permanently elastic. It's unaffected by high or low temperatures, is non-oxidizing and resistant to water and salt spray. Easily applied with a flow-gun or brush, its comparatively low cost makes #243 of interest to any manufacturer using an adhesive today.

Makers of furniture, toys, automobile bodies or railway cars; assemblers of refrigeration cabinets, manufacturers of leather goods and luggage or any firm concerned with the cementing of one material to another will find the advantages of Presstite #243 will save time and money, do a better adhesive job.

Samples will gladly be sent upon request, and our laboratory at "Sealing Headquarters" is at your disposal in recommending the best procedures if you'll send us your detailed requirements.



PRESSTITE
SEALING COMPOUNDS

Presstite Engineering Company

3936 Chouteau Avenue
St. Louis 10, Missouri



Office Patience is no virtue

She had been wearing a halo
she didn't deserve.

She had been typing the same
sales letter 100 times.

Once would have been enough.

SEE PAGE 27

MYSTIK

Methods for Maintenance



DRI-PIPE Stops Drip

No method has ever been devised to take care of sweating pipes so easily and effectively! DRI-PIPE is a thick insulation that attaches to pipes by its own adhesive—no tools needed. Waterproof outer surface requires no painting. Time and labor costs are cut to minimum, pipe sweating is stopped positively. Write for information on DRI-PIPE and many Mystik products serving industry.

MYSTIK Tape for home use—at stores everywhere

MYSTIK ADHESIVE PRODUCTS

2646 N. Kildare, Chicago 29
Offices in Principal Cities

PUBLIC OPINION

Consumers' Ill Will Surveyed

43% would like more government control of advertising; big majority calls testimonials a "racket"; 67% want enforcement grade labeling. But four-fifths regard ads as necessary.

"I've got him on my list."

In the war and reconversion years, about all the frustrated consumer could do to express dissatisfaction with the seller's market was to keep adding to his future blacklist. But memories are short. Smart sellers know that the names of specific merchants and manufacturers, marked down for retribution, will soon blur. Instead, something much worse could happen: Come the buyer's market, the whole distributive system may find consumers hostile.

• **A Need Seen**—That is what prompted a special survey by the Committee on Consumer Relations in Advertising, Inc.—whose sponsors include the Assn. of American Advertising Agencies, radio networks, and other media. The committee felt that "an undertone of resentment against prices, shoddy merchandise, and what many consumers regard as unscrupulous practices was manifesting itself, especially among the better informed." It saw the need for an "extensive survey of consumer attitudes toward current advertising and marketing practices."

The results can now be inspected in a booklet, "Consumer Attitudes Toward Distribution." It is available from the committee, 420 Lexington Avenue, New York 17, for \$10.

The report pulls no punches. Here are some of the committee's observations:

- More than two-thirds of the respondents consider testimonials in advertising as a "racket."
- Almost three-fourths regard radio commercials as inferior to national advertising appearing in other media.
- 43% favor more government control of advertising, 31% do not, 16% are uncertain, 10% have no opinion (41% of the business executives replying consider such increased control desirable).
- 54% of the total feel that advertising copy plays too much on the emotions.
- Consumers seem to want more information from national ads; "on the whole, retail advertising is more highly regarded than is national advertising."
- 68% believe that there should be more information at the point of sale.
- 34% think that at least one-half of all advertising is misleading.
- 56% believe the misconception that

more money is spent for advertising than for personal selling (55% of the executives think so).

• 67% favor government-required grade

POLICY IN PICTURES



Allstate Insurance Co. thinks complicated legal jargon is hard to understand, but necessary. To combine legality and lucidity the Sears, Roebuck & Co. subsidiary offers a picture-policy.

The new policy includes all the old verbiage, but has sketches to illustrate important points. And brief accompanying captions are aimed at clarifying such grammatical conundrums as this:

"To pay for loss or damage to the automobile, hereinafter called loss, caused by collision of the automobile with another object or by upset of the automobile, but only for the amount of each such loss in excess of the deductible amount, if any, stated in the declarations as applicable hereto."

In Allstate's new plain talk, the caption sentence comes out like this: When your own car is bumped or smashed-up!

Can you answer these questions about **TUBERCULOSIS?**



Q. Is there hope of conquering



tuberculosis?

A. Indeed there is! Since 1900 the yearly death rate from tuberculosis has been reduced from over 200 per 100,000 to under 40! Many authorities say that by continu-

ing a well-planned, forceful campaign—with public co-operation—deaths from tuberculosis may be almost wiped out in the next twenty years.

Q. What are the important steps

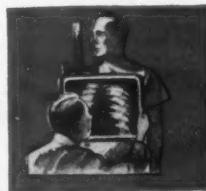


in this campaign?

A. First: constant effort to find and treat more cases in the early stages when the disease is easier to control. Second: adequate treatment for active cases, preferably hospital care, which will help to avoid infecting others. Third: proper care for

people who have had tuberculosis, including medical supervision and occupational guidance to prevent recurrence. Fourth: a drive to eliminate poor health habits and conditions which invite tuberculosis.

Q. Why are periodic examinations



so important?

A. Tuberculosis, especially in the early stages, often has no symptoms. Its discovery then depends on a thorough medical examination, aided by X-ray. Such examinations are particularly important among

adults, especially older persons, workers exposed to silica dust, and other special groups which have high tuberculosis death rates.

Don't let tuberculosis frighten you

Today, through modern medical skills, most cases of tuberculosis can be controlled if caught in time. The earlier that treatment is started, the better are the chances for a prompt and lasting cure.

If you should have tuberculosis, your physician will recommend treatment, probably in a sanatorium. Once the disease is brought under control you can usually return to a normal way of living, with periodic checkups to make sure the disease does not become active

again. You should faithfully follow your doctor's instructions in order to speed recovery and maintain good health afterward.

Regular medical examinations provide comforting reassurance even if you don't have tuberculosis, and suggest immediate treatment if the disease should be detected. For further information about such examinations and about the disease itself, ask your physician, public health officer, or local Tuberculosis Association.

COPYRIGHT 1947—METROPOLITAN LIFE INSURANCE COMPANY

Metropolitan Life Insurance Company (A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD
Leroy A. Lincoln, PRESIDENT
1 MADISON AVE., NEW YORK 10, N. Y.

TO EMPLOYERS: Your employees will benefit from understanding these important facts about tuberculosis. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!



Showing wheel construction used in four large Clarage fans now operating in one of the mills of Inland Steel. Each fan handles hot gases and dusts at 550° F.

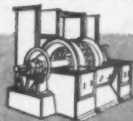
We build 'em **HEAVIER** than common practice! That's why Clarage equipment will take a lacing day after day, on your most difficult job, *without performance failure*. Yes, to see Clarage **FIRST** is invariably a wise and profitable move.

CLARAGE FAN COMPANY

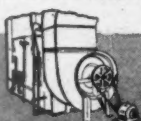
Kalamazoo, Michigan

Application Engineering Offices in all Principal Cities

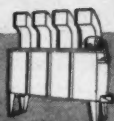
Clarage
—HEADQUARTERS FOR AIR HANDLING
AND CONDITIONING EQUIPMENT



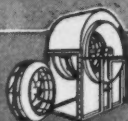
MECHANICAL DRAFT



INDUSTRIAL AIR CONDITIONING



FACTORY AND SPACE HEATING



UNIT FOR INDUSTRIAL PROCESSES

OUT OUR WAY



SOL-SPEEDI-DRI is a white, granular material that absorbs oil and grease as a blotter absorbs ink. It puts an immediate non-slip safety carpet under your workmen's feet. Write for complete data—and a **FREE SAMPLE**.



SOL-SPEEDI-DRI

ABSORBENT FOR ALL LIQUIDS

Safety & Maintenance Co., Inc. • No. 1 Wall St., New York 5, N. Y.

labeling of consumer goods, especially foods (64% of the executives, 65% of the wage earners were in favor). Responses to allied questions indicate consumers want such labels to include brand name, descriptive text, and grade symbol adequately defined.

• 41% believe that the chains are crushing the independent retailers out of existence, 31% think that such is not the case, and the rest are undecided.

• About three-fourths say that retail sales clerks can't give customers the information needed for intelligent buying.

• **Brighter Side**—But not all the responses were critical. The survey found, for example, that more than half of the consumers recognize that advertising may reduce the cost of goods by increasing sales. Four-fifths regard advertising as a necessary part of our economic system. And 62% believe it is better now than it was four to six years ago.

There was encouragement, too, for the seller who might fear that the buyer's market would bring a resurgence of organizations like Consumer's Union and Consumer's Research. In one of the many breakdowns of the statistical sampling, present members of such groups are segregated. After studying their replies to the survey's 63 questions, the committee ventured: "Perhaps... the membership in such organizations is of a less radical character than business is sometimes likely to think."

• **Statistician's Delight**—This is only one of the groups that can be "pulled out" of the figures for close study. Lengthy tables arrange and rearrange the responses by occupational, sex, income, age, and several other classifications.

AIRMAIL SPECIAL



Still another twist in rotary aircraft development is the "Airmailer" helicopter. Bell Aircraft Corp. has designed it specifically to carry the mail on proposed 'copter air routes.

Big side "pockets" with hooks for mail bags hold some 500 lb.

... it's "an Interchem *Finish*"

Bring You Their Combined Talents

Division components—Ault & Wiborg, Murphy and Scriver and Quinn.

Both Roxalin and Interchem Finishes' customers will continue to be served by the personnel so familiar with their specific requirements; respective brand names will largely be maintained.

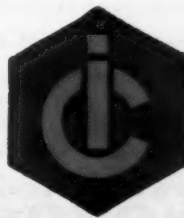
The real benefits of this merger of resources will be increasingly apparent in the months ahead, in the integrated technical and plant facilities of the two organizations. Interchemical's Interrelated Research program, which applies the lessons learned in one field to the solution of problems in another, will now call upon and augment Roxalin's reservoir of experience. The result cannot help but be an accelerated development of better finishes for the products *you* make.

Interchemical welcomes Roxalin into the family . . . joins with it in promising the customers of both Roxalin and Interchemical the benefits, tangible and intangible, they have a right to expect from such a union.

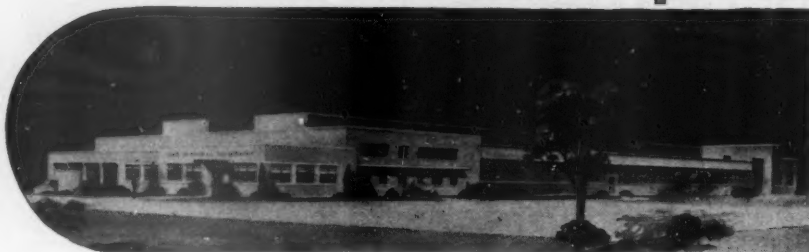
Interchemical Corporation—Finishes Division, Empire State Building, 350 Fifth Avenue, New York 1, N. Y.

*Reg. U. S. Pat. Off.

Interchem *Finishes*



**Here again,
WORK/ABILITY
SPEEDS OUTPUT, CUTS COSTS**



Mengel Company plant at Fulton, New York

Making corrugated paper shipping containers is not a simple matter of producing large quantities of standard boxes for future orders. It is a service business. Customers usually want special sizes and shapes, in a hurry. That calls for extremely flexible and extremely fast production.

In designing The Mengel Company's new plant at Fulton, New York, Mengel and Ferguson engineers worked together. They fused power and steam equipment, warehousing and shipping facilities, material handling, processing and finishing into a coordinated, highly mechanized, completely modern unit. First cost was held to a minimum consistent with low production cost and fast, dependable service to Mengel customers. The result is **WORK/ABILITY** . . . that inherent efficiency which has always helped Ferguson Clients keep profitably competitive. Why not discuss your production cost problems with us? Under one contract and one responsibility, we will deliver to you a plant with the **WORK/ABILITY** to produce profits. Just call, wire, or write our nearest office.

**The H.K.
Ferguson
Co.**
INDUSTRIAL ENGINEERS
AND BUILDERS

Cleveland, The Ferguson Bldg., Phone CHerry 5870 • New York, 19 Rector St., Phone WHitehall 3-9357

Houston, Texas, M & M Bldg., Phone PReston 9134

Reports Doubted

Only 41% of public think corporations tell the truth about profits; 45% think they actually make more than they admit.

If you show your profit and loss statement to a representative group of citizens, the chances are that 45% of them will leer knowingly and ask "O.K., now how much did you really make?"

That, at least, is the conclusion to be drawn from a survey that Opinion Research Corp. has just completed for

UPSON ELECTS UPSONS



Charles A. Upson, for 37 years president of Upson Co., Lockport, N. Y., recently was elected chairman of the company's board of directors. His brother, W. Harrison Upson, succeeds him as president.

The new board chairman founded the company in 1910 after ten years of study and development work in the fiber and industrial fields. Both Upson brothers have been associated in the management of the company since that time.

The company manufactures fiber wallboard and fiberboard specialties. Charles A. Upson holds 36 patents which cover wallboard and coating machinery, fiber products, and various insulating materials.

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1947



The 40th Anniversary of INTERNATIONAL TRUCKS

This year, 1947, is International Harvester's 40th Truck Anniversary.

FORTY YEARS of International Truck progress, hand-in-hand with the progress of American transport.

FORTY YEARS that have seen the development of the International Truck Line from a single wagon-like vehicle. Today the International Line is the most complete built by any manufacturer. It includes 21 basic models with gross weight ratings ranging from 4,400 to 90,000 pounds. These 21 basic models convert and adapt into more than 1,000 different transport vehicles.

FORTY YEARS that have seen the rise of International Trucks to enviable leadership. For the last 16 years more heavy-duty Internationals have served American industry than any other make.

Yes, the forty years of International Truck history have been years of progress. This progress culminates today in International's great, new Fortieth Anniversary Line of Trucks—International KB Models.

Forty years of progress, with greater goals ahead.

Motor Truck Division

INTERNATIONAL HARVESTER COMPANY
180 North Michigan Avenue Chicago 1, Illinois



Other International Harvester Products

FARMALL TRACTORS AND MACHINES • INDUSTRIAL POWER • REFRIGERATION

See in James Melton on "Harvest of Stars" Sunday—NBC Network

INTERNATIONAL Trucks



*Laundering
tire moulds
with brushes*

**saves money
...improves
product**



EVERY tire mold, regardless of size, must be thoroughly cleaned after each vulcanizing operation. Typical of the many modern production practices pioneered by The Firestone Tire & Rubber Company is the cleaning of watch-case tire molds with Osborn wire brushing wheels. Any other method would call for removing the molds from the press and installing replacements to insure continuous production. This additional handling plus inventory of substitute molds would all add up to a costly operation.

With the use of Osborn wire brushing wheels, all tire molds at Firestone are cleaned thoroughly right on the press in a matter of minutes. Valuable time is saved, need for additional molds is eliminated and the brushing technique conditions the metal surface for longer mold life. The end product benefits, too, as tires produced from molds that are power brush cleaned have a smoother, glossier surface.

This is a typical example of how Osborn brushes are used on many major production operations as a means of saving time, cutting costs and improving product. How can you be sure of obtaining these same brushing benefits? Avail yourself of the services of an Osborn sales engineer. He has the experience and the complete line of product to solve your problem.

THE OSBORN MANUFACTURING COMPANY

5401 Hamilton Avenue

Cleveland, Ohio



WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY

the* Controllershship Foundation, Inc. According to the survey, only 41% of the public believe that most corporations tell the truth about their profits. A greater number (45%) think that companies actually make more than they report; 14% are mum.

• **With Salt**—The object of the study was to check the "public's acceptance of the facts and figures of business accounting." The results, in general, show that the public takes its statistics with a liberal sprinkling of salt.

But they may provide part of the answer for the businessman who wonders why he doesn't get more public sympathy.

• **Results**—Here are the scores on some of the key questions:

• 28% of the respondents thought most businesses had "hidden profits."

• 17% of those shown a profit and loss statement of one of the country's best-known corporations said they couldn't trust it; and 30% said they didn't know whether they could or not. This means that almost half (47%) of the public would be suspicious of any argument based on the company's figures.

• 48% of all the respondents said they could think of specific industries or companies making too much profit.

• 32% said that business as a whole was making too much.

Apparently part of the trouble comes from the simple fact that the public doesn't understand accountants' jargon:

• 56% said that profit reports use "too many figures and big words."

• 45% said they didn't know the meaning of the term "earned surplus."

• 22% gave up on "liability," 21% on "asset," 41% on "reserve for contingencies," and 48% on "accrued taxes."

An auditor's certificate evidently is no key to the public's heart. Only 7% of those who said they trusted the report shown them gave "books are audited" as their reason. Far more important was the company's reputation as a "reliable concern." That scored 31%.

• **High Prices Hit**—Consumer resentment over present prices showed up plainly. A full 54% of those who thought business was making too much named high prices as their reason. The next explanation—"low wages"—got only 10% of the mentions.

When it came to naming a particular industry that was making too much, people showed more variety. Food and textiles headed the list with 29% each.

• **By Income Levels**—Business has more rooters among the upper income groups, but the difference isn't so great as many executives might think. In the top bracket, 60% think corporations tell the truth in their financial statements. This favorable opinion is held by 43% in the middle income range, and only 28% in the lower income group.

Don't cook your goose

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An increasing number of well-managed companies are using this magazine for statements of corporate policy and plans, annual reports and dividend advertisements.

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Your corporate policy advertising in *Business Week* will inform management-men of the economic advantages of your company's goods or services. It will create among investors an active interest in your company . . . and widen and stabilize the markets for your securities.

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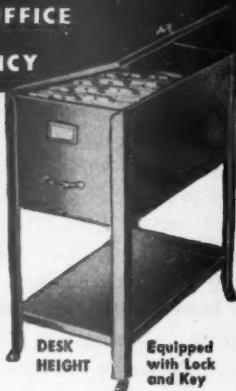
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PETROLEUM

Oil Burner Users May Shiver

Industry must scramble to meet threatening fuel oil shortage next winter. Crude is plentiful, but refineries, transportation can't keep up with demand—unless everything breaks right.

The petroleum industry, racing along at near-capacity production, is worried. Has it got what it takes to lick a fuel oil shortage next winter?

It's a problem that has nothing to do with the exhaustion of crude oil reserves underground. There's plenty of oil (BW—Apr. 5 '47, p85). But nearly everything aboveground—refineries, pipelines, tank cars, tankships, and storage tanks—is being hard put to keep pace with a demand that just keeps on growing.

• **Bare Facts**—First-quarter figures reveal the bare facts:

• Compared with 1941, gasoline demand was up 30%.

• The heating oils (kerosene, light and heavy fuel oils) were up about 50%.

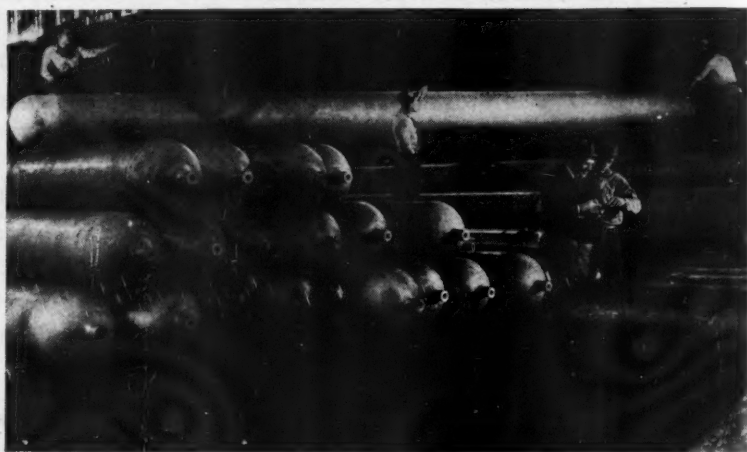
• But refinery capacity has increased only 19%—and building programs lag for lack of steel.

The wartime peak of petroleum consumption was topped early this spring, and all signs point to an even greater

demand this fall and winter. Having raised their sights a couple of times, the industry's forecasters now agree that demand this year will be 7% above 1946, given "normal weather" and only a "slight" recession. There's not enough excess refinery, transport, or storage capacity—especially inland from the coasts—to meet even a slight "emergency" demand.

• **New Oil Users**—Last year, 420,000 new oil burner users came into the fuel oil fold. Many of them were householders who swore they'd never again be dependent on the whims of John L. Lewis for their heat. This year, 400,000 to 500,000 will be installed. This will bring the total domestic oil burners in use up from 2,600,000 at the end of 1945, to about 3,500,000 at the end of this year. Only by keeping these homes supplied can oil avoid joining Lewis as the target of the unheated householder.

The National Petroleum Council, ad-



BURIED PIPES FOR CHEAP STORAGE

Take a length of 24-in. pipeline, pinch it in to form sausage-like sections, and you have a natural-gas tank for storage underground. This week, National Tube Co., U. S. Steel Corp. subsidiary, in cooperation with Public Service Co. of Northern Illinois, began such an installation at Mount Prospect, Ill. The 40-ft. sections (capacity: 25,000 cu. ft. each at 2,240-lb. pressure) are similar to those used in Big Inch. Total plant capacity will be 40 million cu. ft. The pipe is cheaper to install and operate, and more flexible than usual tanks, says National Tube.

visory committee to the Dept. of Interior's Oil & Gas Division, already is trying to pin down the answers to the fundamental questions on production, transportation, and refining.

• **Unprecedented Problem**—The very fact that the industry has to face such problems is unprecedented in peacetime. One reason for them is the changing relationship between the end products being squeezed out of each barrel of oil. Gasoline has been the No. 1 money crop for years. In the past, fuel oil sales helped build up the winter valleys of the gasoline sales curve, thus cut down overhead.

Now peak total demand comes in December, and it exceeds the summer "gasoline peak" by more than 600,000 barrels a day.

Petroleum economists in government and industry already have a good idea of what they will find:

(1) Crude oil production is adequate. In fact, West Texas has an excess supply; there's no way to get it to refineries.

(2) There can be sufficient transportation—but only if every pipeline, tank car, and tankship is used most efficiently.

(3) There may be enough refining capacity—but only if all refineries run at 100% every day for the next year.

(4) Some independent refineries in the Midwest are running at less than capacity (some as low as 50%). Reason: Local supplies of crude oil have been dropping off for years. And the major companies are now absorbing all that's coming through their own pipelines from the Gulf-Texas fields.

(5) The supply-demand picture, as figured by economists, will be: at least 5 million barrels of crude every day for the next year. Current rate is 4,700,000 barrels a day.

• **Prediction**—Here is the forecast by economists of the Interstate Oil Compact Commission on daily average demand and supply for the last two quarters of 1947, compared with actual 1946 data (figures in thousands of bbl.):

	1947		Actual 1946
	3rd Q	4th Q	
Demand			
Gasoline	2,420	2,255	2,138
Kerosene	215	350	268
Distillate fuel oil..	610	960	746
Residual fuel oil..	1,265	1,450	1,333
Other	960	890	836
Total demand..	5,470	5,905	5,321
Supply			
Crude oil produc- tion	5,000	5,000	4,749
Natural gasoline..	355	365	321
Imports	440	460	370
Total supply...	5,795	5,825	5,440
Stock change.....	+325	-80	+119
Crude runs to stills	5,015	5,055	4,740
Closing stocks (million bbl.) .	528	521	507

As the economists phrased it: "A small variation of 2% in demand means

We're on the wire



Hundreds of tons of Twitchell cords are now used every year as insulation for electric cables and as fillers and rip-cords for electric wires. It is a good example of the way Twitchell materials help many different industries to improve quality and speed up manufacturing.

Twitchell cords were first tried experimentally in one wire plant ten years ago, and in a short time the demand for this "experimental" material grew to several tons a month. Now it is many times that and still growing!

Twitchell cords have no multiple ends to break and snarl. Consequently, they make it possible for wire-makers to keep machines working at high speed... without frequent unexpected shutdowns. Also—unlike old-fashioned fillers—Twitchell materials do not rot or mildew.

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over 100,000 barrels a day, a quantity substantial enough to affect many consumers in the present situation where the industry may not have the capacity to make up a deficit of this magnitude."

• **Military Contracts**—Military requirements for petroleum products have also been higher than expected. Both the Army and Navy have complained that they've received bids on only a fraction of their current requirements—and virtually no contracts for the future.

The reason is that the oil companies are looking first to consolidating their peacetime markets; today the pay dirt lies in "getting there fustest with the mostest." Military contracts—firm commitments for fixed quantities at distant delivery dates and at fixed prices—are no longer attractive or profitable enough in view of the tightness of the supply of oil.

The situation is further complicated by the fact that oil is out from under wartime agencies which ran the industry as though it were one big company. Now independent refiners and distributors are on their own. But they're already being squeezed for lack of supplies, may be squeezed much harder next winter.

• **Two "Outs"**—The solutions likely to be proposed will only ease the impact of the shortage if it materializes. Steel for refineries, pipelines, and bulk storage tanks is the basic need. But even if steel were available in unlimited quantities now, it wouldn't help next winter's potential crisis.

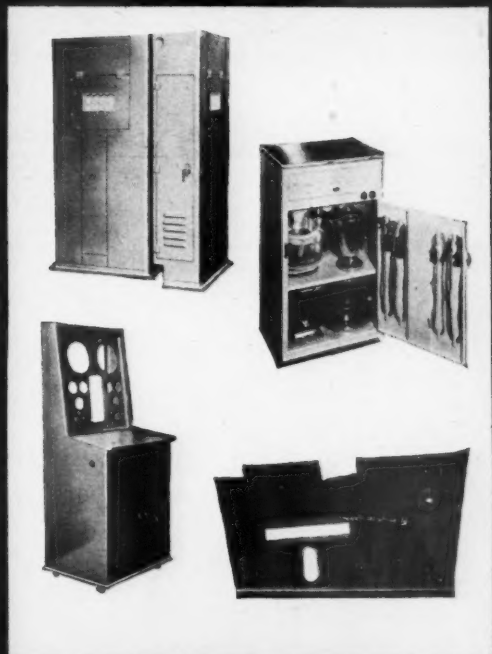
What might help are mainly these two things:

First, independent refiners and distributors may plug for a quota system or some peacetime version of wartime oil allocations. Otherwise, they'll be hit first and hardest—and mortality might be high. (The major companies undoubtedly would like to go along for their own good, but wonder about the antitrust angle.)

Second, a drum-beating publicity campaign might be developed to fill all storage facilities immediately, and keep them filled, right from the consumer's tank at the home or factory on back to the refinery.

Other proposals to help catch up loose ends of unused equipment:

- Better turn-around on tank cars.
- Better use of barges to feed Midwest with crude oil or products.
- Full utilization of all pipelines.
- **Complications**—But Congress may complicate matters. For one thing, the Maritime Commission's authority to charter tankers on a trip basis is due to die on June 30. The House Merchant Marine Committee has already cracked down hard on the commission for chartering (instead of selling) 230 government tankers now in operation. These government tankships carry about 25%



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① If you can supply us with 12 to 24 gauge sheet steel and certain sizes of band steel, we will supply you pound for pound with any selection of LYON standard products now in production.

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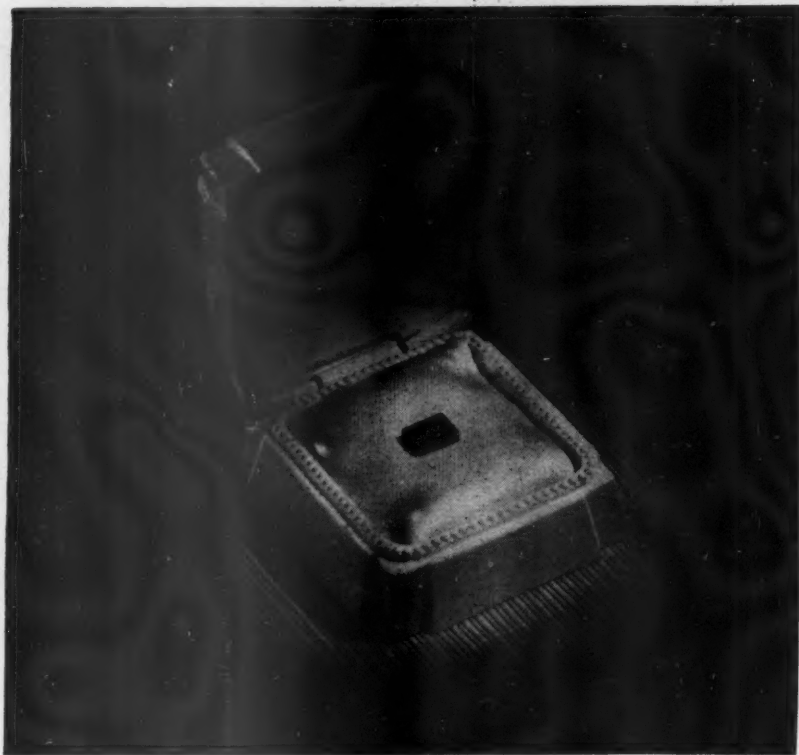
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YOU ARE looking at a 9-cent piece of the hardest metal made by man. It is Carboloy Cemented Carbide.

And this particular piece . . . one of a large number of standard blanks which sell for less than \$1.00 . . . when used as the cutting edge of a metal-working tool, performs miracles in helping to speed up production, increase quality and cut costs of machined parts.

Carboloy costs steadily down

While this is only one of hundreds of Carboloy forms that range in use from tools and dies to masonry drills and wear-resistant parts, it dramatizes the *long downward trend* in the price of this miraculous metal.

For today, its low cost and remarkable hardness are taking Carboloy into many broad new fields. Housewives, hobbyists, home-owners and craftsmen are all experiencing the qualities of Carboloy at low cost.

That's great news for industrialists, too.

It means that all the extra benefits of Carboloy tools, dies and wear-resistant parts can be had at costs comparable to ordinary materials. And, considered by authorities to be "one of the ten most significant industrial developments of the past decade," Carboloy is rapidly becoming the standard wherever a versatile, hard metal is required.

An odds-on chance

The odds are 10 to 1 that Carboloy—the amazing metal of many uses—can be put to work by our engineers to give your products higher quality at lower cost. Why not call us in for consultation?

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THE HARDEST METAL MADE BY MAN

of crude oil and its products from the Gulf to the East Coast.

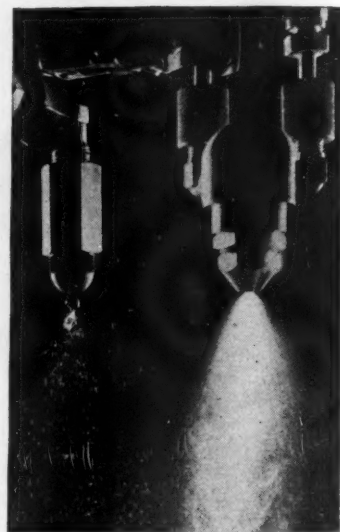
The major oil companies have their own tankers, and don't want to buy any more of the war-built boats because they will be obsolete in a few years. The independents can't afford to buy them, so must rely on chartering. And there are few, if any, boats available for chartering from private operators.

•**Revival Sought**—The National Petroleum Council, the industry's only government-approved instrument for carrying out specified programs, may also die. To prevent it, the Senate must restore some of the funds needed to bring the Oil & Gas Division of the Dept. of Interior back to life. The House-passed appropriations bill cut the heart out of one-year-old Oil & Gas. If the division goes down in the economy wave, the National Petroleum Council goes with it.

Oil men, cool at first to having the government set up a new oil unit, have rushed to the support of the division.

They've decided that they're going to need all the help they can get in the winter ahead.

LITTLE DROPS OF OIL



A cyclone of oil droplets, each less than four ten-thousandths of an inch in diameter, is produced by Westinghouse Research Laboratories' new nozzle for gas turbines. A high-speed photo shows a conventional nozzle (left) and the new nozzle, both operating under the same fuel pressure—5 psi.

Secret of the new spray: Six air streams under pressure meet the incoming fuel. Result: atomization that allows extraction of over 96% of the energy in the fuel.

9

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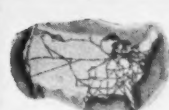
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Extended Sales Horizons... By Martin 2-0-2 transport, salesmen and deliveries reach new extended territories in less time. These new expanded sales areas offer increased sales potential and increased profits.



Emergency... Rush... Replacement parts and tools, needed at once, can be delivered to customers hundreds of miles away in hours instead of days by air cargo. This saves time and money by preventing production delays.



Never Far from Home... On business trips, the airlines enable you to cut travel time between distant customers, cover more territory, spend more time selling, increase profits and still have those long weekends at home.



Fresh, Fresh Food... Days fresher, the naturally attractive air-shipped foods or flowers have a real merchandising "pull." Lower refrigeration costs, less enroute spoilage result in extra profits from air-shipped perishables.



Build Sales... Samples, new models and designs go along with your salesmen by air cargo. These important "sales clinchers" will be there to do their part of the selling job. Save time and money—travel and ship by air.



Always on the Job... You'll sell customers in distant territories when you show them that, by air transport, your engineers and servicemen are readily available for immediate repairs, regular maintenance and scheduled conferences.



Cut Packing and Crating Costs... Clothes and other items can be airshipped without the expense or delay of crating. A wide variety of fittings may be quickly installed in the new Martin 2-0-2 for all types of cargo.



Fast Deliveries... Fast Sales... You can really merchandise garments flown directly from style centers of the world. If you sell or buy "the latest" items, you'll find they actually increase in value when shipped by air.



Time, Time, Time... You'll be miles ahead of competition when you present those last minute ideas and changes in person. You can get to that important meeting. The airlines gain you time... time... TIME!





First in 50 years!

The principle of chain blocks is ancient. Before 'Budgit' Chain Blocks there had been no radical changes in their design in fifty years. They were heavy devices, and their efficiency, judged by today's standards, was low.

'Budgit' Chain Blocks changed all that. Their new design, high efficiencies, and light weight set a new standard. They are one-man hoists, for one man can lift, carry and hang up the largest size with which he can lift 2 tons.

More of man's effort is converted to lifting because of anti-friction bearings used throughout and all working parts (including the automatic load brake) operating in grease in a sealed housing.

Wherever there is hand lifting to be done, then 'Budgit' Chain Blocks are the correct, economic choice.

'Budgit' Chain Blocks come in sizes to lift up to 1/4, 1/2, 1 and 2-ton loads. Prices start at \$59.50. Send for Bulletin No. 367 for complete information.



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Oil Tells Its Story

To combat many existing misconceptions about the industry, A.P.I. budgets \$1 million to win support among the public.

For years the oil industry has been haunted by the fear of increased governmental regulation or—even worse—nationalization.

The bigger companies, particularly, also are worried over several other widely held public beliefs about the oil business: that it is a monopoly; that prices are fixed collusively; that new developments are held back; that it is not much interested in oil conservation.

• **Campaign**—Now, after a couple of false starts during the past decade, the oilmen are setting out to do a little molding of public opinion. Their efforts will be directed at management and labor within their own bailiwick, as well as at the general public. Spearheading the campaign is the recently organized Public Relations Operating Committee of the American Petroleum Institute.

Last week the first fruits of the months-long planning period appeared. An elaborate 22-page campaign brochure was sent to industry members, big and little, from producer to marketer. Entitled, "Winning More Friends for Your Business," the brochure tells about the developing campaign and the reasons for it. It describes findings obtained in a recent survey on the public's ideas about the industry.

• **Results**—Favorable findings: 82% of the people think the oil business tries to serve the best interests of the public; 79% think gasoline prices are reasonable. Unfavorable findings: 25% think product improvements are held back; 33% think oil is a monopoly; 57% think oil companies get together on prices.

But the most striking result of the survey was this: People who know the oil industry best are the ones who think most highly of it. Thus, 94% of the oil workers interviewed have a generally favorable impression of the industry. Again, only 13% of the people realize there are more than 100 oil companies (actually there are more than 34,000), but this 13% has a vastly better opinion of the industry than does the other 87%.

• **Plans**—To win more friends, then, oil companies are asked to help "spread the gospel" among employees and the public. Material provided in the brochure for this purpose includes nine suggested newspaper ads, six radio commercials, a plant poster, a window-display poster, a sheet of salient facts about the indus-

try, a 15-minute speech, two mailing pieces.

Three promotion points are stressed in this material: (1) the large number of companies in the oil business, (2) the reasonable price of gasoline and the high taxes on it (BW-Dec.21'46,p36), and (3) the industry's alertness and progressive spirit.

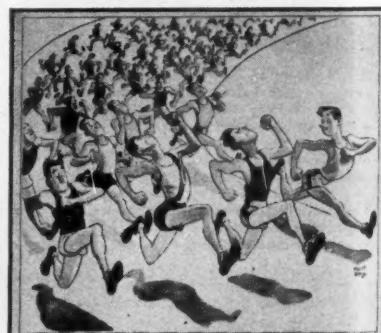
Oil companies are asked to use the material as part of their local advertising and promotion work. By this means, the A.P.I. committee hopes to spread its own \$1-million 1947 budget more effectively.

• **Cost**—Besides the cost of preparing this and subsequent promotion pieces, the A.P.I. group is allocating \$325,000 for an advertising program of its own in national publications. Sullivan, Stauffer, Colwell & Bayles, Inc., New York, will handle that campaign; the Fred Eldean organization, New York public relations agency, has been retained for the over-all promotion phases.

The A.P.I. committee, originally composed of public relations officials of individual oil companies, is being expanded. Men from various oil associations are being added. Idea is to make the campaign as representative of the entire industry as possible.

• **Committees**—To get down to "grass roots," eleven district committees are being set up; as far as possible, state committees also will be organized. These committees will represent the four major segments of the industry: production, refining, transportation, and marketing. In some cases, petroleum-equipment suppliers will also be included.

While the first year's program has been underwritten by the A.P.I., the committee hopes to gain industry financial support for carrying on a continuing campaign.



ODD (ISN'T IT?) BUT THIS IS NOW
WE SEE OURSELVES!

THE OIL INDUSTRY HAS BEEN THE FIRST TO SEE THE NEED FOR A CAMPAIGN TO WIN MORE FRIENDS FOR YOUR BUSINESS. IT HAS BEEN THE FIRST TO SEE THE NEED FOR A CAMPAIGN TO WIN MORE FRIENDS FOR YOUR BUSINESS. IT HAS BEEN THE FIRST TO SEE THE NEED FOR A CAMPAIGN TO WIN MORE FRIENDS FOR YOUR BUSINESS.

(YOUR NAME GOES HERE)

Petroleum promotes itself.

BUSINESS WEEK • May 17, 1947

Old Company, Young Ideas

From small beginnings in 1830, Fairbanks-Morse has grown to be a major factor in many lines; latest success is opposed-piston locomotive diesel. Recent \$20-million bond issue was snapped up.

This month's quick sale of \$20 million of serial notes and 20-year 2½% debentures by Fairbanks-Morse & Co. marks one of the relatively rare security issues of an American corporation in its second century of business. The firm counts its age from the invention of the platform scale in 1830 by Thaddeus Fairbanks of St. Johnsbury, Vt. Scales Came First—The Fairbanks invention contributed the scales which remain one of the present company's major lines. Thad and his brothers, Augustus and Joseph, were first, last, and always scale men. Scale manufacture now employs in two Fairbanks-Morse plants about 1,000 of the company's total factory force of 7,500, and last year produced 13% of total sales.

But Morse drive and business gump—on are responsible for the other 6,500 factory employees and the remaining 87% of total volume. The yeasty ferment that was to leaven the one-line Fairbanks beginning into the present highly diversified assortment of products in industry, agriculture, and home use entered through the employees' door in 1850.

Charles Hosmer Morse of St. Johnsbury

Center was a nephew of Zelotus Hosmer, the first sales agent for Fairbanks scales. Young Morse was 17 years old, three years younger than the scale factory, when he indentured himself as a three-year apprentice at \$50 a year to learn the scale business. The Fairbanks family taught him about scales, but before Morse bought out the scale company in 1916 he had taught them about business.

• **Other Products**—The other principal products of Fairbanks-Morse are internal combustion engines, electrical equipment ranging from fractional-horsepower motors to generators, pumps, railroad equipment, and a line of home and farm appliances that include water systems, light plants, and stokers. The company likewise sells an assortment of goods purchased from other manufacturers to fit into its own lines of products.

Because strikes last year at its Beloit (Wis.) Works and its Three Rivers (Mich.) Works kept 66% of its manufacturing personnel idle for several months, 1946 production figures by lines do not measure accurately the company's normal proportions of vol-

ume by product. Best current measure of this is probably the number of employees at each plant. This stood two months ago as follows:

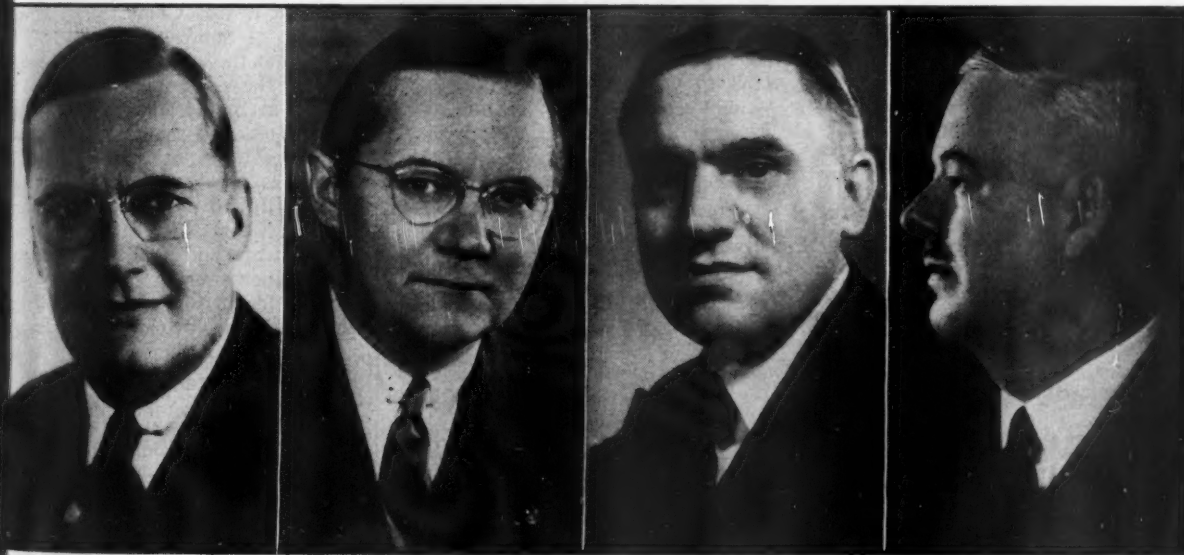
Beloit, Wis. (engines, diesel locomotives, pumps, electrical equipment).....	4,337
Freeport, Ill. (electric motors).....	426
Three Rivers, Mich. (stokers, railroad equipment).....	603
St. Johnsbury, Vt. (scales).....	819
Moline, Ill. (scales).....	162
Pomona, Calif. (pumps).....	702
St. Louis, Mo. (pumps).....	317
Stuttgart, Ark. (pumps).....	181

Total 7,547

• **Sales Record**—Company sales climbed from \$21 million in 1938 to \$184 million in 1943, then fell to \$160 million in 1944 and \$92 million in 1945. Sales for 1946 passed \$56 million, despite 144 strikebound days at Beloit and 167 at Three Rivers. The three bulging war years are largely accounted for by sales of diesel engines to the armed forces. The Navy alone took close to 3,500,000 hp. of Fairbanks-Morse diesels.

This volume consisted in large measure of an unusual type of diesel in which the combustion chamber has a piston at each end of the cylinder. Hence the explosion of the fuel drives two pistons in opposite directions. The engine has two crankshafts instead of one, and delivers tremendous power for its size and weight.

• **For Railroad Power**—This opposed-piston diesel was a project that Col. Robert H. Morse (cover), son of the former St. Johnsbury apprentice, put into development shortly after he became president in 1931. It was from the outset intended as power for railroad locomotives. The company actually delivered six units to the Southern Ry. in



Charles H. Morse III

Robert H. Morse, Jr.

Lester A. Keeler

S. T. Kiddoo

These vice-presidents handle four major divisions of Fairbanks-Morse & Co. under the president. Followed from the left, the company executive line goes from manufacturing, through sales, to the comptroller, to the treasurer.

Train better salesmen in less time with ILLUSTRAVOX sound slidefilm equipment



FIELD-PROVEN in peacetime and war, Illustravox two-way sales training is *the one best way—the most effective, the least expensive.* Trainees learn as much as 55% faster, and remember up to 70% longer than under former training methods.

●● Ideal for training salesmen and other employees, too, Illustravox uses pictures and spoken words to command interest, and focus full attention on your message. Presented in the home office or in the field, Illustravox sound slidefilms always carry the authoritative voice of headquarters, never vary, never are misinterpreted.

●●● Today, over 80% of all sound slidefilm equipment in use bears the Illustravox trademark. Business leaders agree, Illustravox two-way training proves itself immediately in better trained salesmen (or other personnel) and better sales records. Place your order today. The Magnavox Company, Illustravox Division, Dept. BW-5, Fort Wayne 4, Indiana.

See "The Illustrated Voice." Outstanding commercial film of the year, it shows how Illustravox meets your training and selling needs. Ask your Illustravox dealer or film producer for a showing!

ILLUSTRAVOX

THE ILLUSTRATED VOICE

DIVISION OF THE
Magnavox
COMPANY FORT WAYNE

MAKERS OF FINE RADIO-PHONOGRAPHS



1939 before the Navy moved in, emptied the entire output primarily of submarine propulsion, and thus knocked out for the duration this cherished expansion program. Not until 1944, was the Navy program largely completed was the company able to put another O.P. diesel on wheels.

Only in recent months has this product really got rolling at a rate to yield a big volume of railroad business. Fairbanks is now booking orders in large numbers. Within the past two weeks it has landed more than a dozen passenger and freight locomotives for various major roads. Thus far it has sold its diesel-electric to 14 blue-chip railroads, most of them now reordering after using their first units. Pride of the company is the fleet of five big engines for the Milwaukee Road's Chicago-Seattle Olympian.

● **Founder's Policy**—The diesel locomotive program is a lineal descendant of policy laid out by founder Charles B. Morse 60 years ago. Fairbanks sales were already dominant in the world market of that time when he began his apprenticeship in 1850, and began working up through the sales department. In 1865 he became Cincinnati representative for E. & T. Fairbanks & Co.

In true Yankee tradition, within a year he opened a factory to make coping presses, warehouse trucks, and other noncompeting lines. Presently he gathered in half a dozen other lucrative sidelines, ranging from coffee mills to Remington typewriters.

● **To Chicago**—When agent Greenleaf at Chicago began to fail in health, Morse was sent to Chicago in 1870 to backstop him. Greenleaf soon died, but the agency carried on as Fairbanks Greenleaf & Co. Came the great Chicago fire of Sunday, Oct. 8, 1871, burned out the agency, but by Monday evening the energetic Morse had reopened in rented quarters in an unburned area—and changed the name to Fairbanks-Morse & Co. This firm, which was his alone, handled the sidelines which had proved so profitable in Cincinnati and added others.

The first real move in the direction of today's lines came in the 1870's when Morse took on the sale of the Eclipse windmill, made at Beloit, Wis. He sold it not only to farmers but also to railroads for watering locomotives. Next Fairbanks-Morse & Co. bought into the windmill company; this plant eventually became the present Beloit Works.

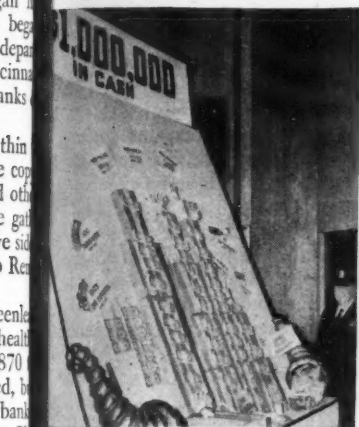
● **Successful Formula**—When Morse took on the idea of adding pumps to work with the windmill, he found a formula which the company has used time and again: Make a combination sale of the prime mover and the driven machine.

The formula worked just as well in the early 1880's when Fairbanks-Morse and its windmill associates bought in

in, power engine works which became a major factor in power equipment for electric generating stations. Next step diversification was a hand-powered road velocipede, better known as a bicycle, invented and made at Three Rivers. To this railroad item soon was added a standpipe for locomotive water supply, followed later by related lines. In 1893 Morse hired the inventor of the Caldwell gasoline engine to develop a line of internal combustion engines. In 1895 the company began marketing a small vertical farm engine; in 1896 it was selling gasoline-powered velocipedes—the same smart formula putting Fairbanks-Morse power on a Fairbanks-Morse product.

New Money—Use of the proceeds of new bond issue is officially set forth at \$7,000,000 to retire outstanding loans; \$6,200,000 to complete

AN EYEFUL OF CASH



For the average man, a million dollars is a nice round sum to dream about. But it's hard to visualize.

Atlanta's Bank of Georgia recently gave that man a break and showed him \$1,000,000 in cash. The display was set up in the rear of the bank, under special guard, and people were invited to come and take a look.

Crowds goggled at the ten \$10,000 bills, the stacks of lesser bills, and heaps of coins; ruminated audibly over what they couldn't do with that money.

From the bank's point of view, the nub of the display was a set of statistics showing where the money goes. For officials insisted this was no publicity stunt, but an effort to promote better understanding between those who handle big money—financiers and industrialists—and those who just hear about it.

Prints postage on envelope
seals flap same time!
Prints postage on envelope
seals flap same time!
Prints postage on envelope
seals flap same time!
Prints postage on envelope
seals flap same time!
Prints postage on envelope
seals flap same time!



P. S. Dear Public:

Forgive us if we bore you . . . The above repetition is for the benefit of some of our salesmen—who say that our advertising doesn't emphasize enough the fact . . . that the Pitney-Bowes postage meter seals the envelope flap at the same time it prints the postage stamp and postmark on the front!

What's so remarkable about a machine that seals envelopes? You could probably invent one yourself some rainy Saturday, or even if it wasn't raining. Then try and find somebody to buy it!

But a machine that also prints postage

and postmark—any amount of postage for any kind of mail—and does its own bookkeeping . . . that's a pretty wonderful machine!

If you'd like to know how a postage meter can help in your office . . . call the nearest office of Pitney-Bowes. And when the salesman comes over, tell him you know all about sealing the flap but what else does it do? . . . Or maybe you'd like your information in a little booklet with pictures? If so, write us direct . . . Sincerely yours—Advertising Department.



PITNEY-BOWES POSTAGE METER

Pitney-Bowes, Inc., 1413 Pacific St., Stamford, Conn.
Originators of Metered Mail. Largest makers of postage meters
Offices in 59 principal cities in the United States and Canada



NO NEED TO YEARN ANY LONGER FOR ONE OF THESE MASSIVE, GLEAMING CRYSTAL EXECUTIVE ASH KINGS

It is probable that like many other men, you have gazed with desire at these large, beautiful 8 x 5 inch ash trays in the window of some exclusive gift shop—but just didn't feel like paying the high retail price. Now you can get one with your hand-cut monogram for \$3.60, and if you wish to send some to a select list of business friends, even lower prices prevail.

This is the kind of gift that any man would like to buy for himself.

Specialty-wise Advertisers know that off-season distribution of goodwill gifts is more productive of results than at Christmas, when others may be giving gifts. Choose your EXECUTIVE LINE advertising gift now and distribute early.

50-YEAR DESK CALENDARS • LETTER OPENERS • CALIPERS
CRYSTAL GLASS MONOGRAMMED ASH TRAYS AND CIGARETTE BOXES
NOVEL PAPERWEIGHTS • TAPE MEASURES • RULERS • LIGHTERS • ETC.

If you cannot locate a reputable Advertising Specialty firm in your vicinity who handles The EXECUTIVE Line—write to
Alfred Robbins Organization—35 W. 42 St.—New York 18, N. Y.



These © Trademarks of
The EXECUTIVE Line
are your assurance of quality and good taste
in the selection of your advertising specialties.



**DOUBLED OUTPUT!
SAVED 88 MAN HOURS
PER CAR!**

**WITH HOUGH
Payloader**
HUFF PATENTED

At the Terre Company, Rochelle Park, N. J., a speedy little Hough Payloader stepped in and took over the slow, costly job of unloading box cars of phosphoric acid—cut unloading time in half—saved 88 man hours of labor per car—and actually doubled output per hour. An unusual record, but just an every-day performance in thousands of Payloader equipped plants throughout the world. One man operated it works inside of box cars, ships holds, bins; loads, carries, dumps—fertilizer, chemicals, salt, sand, clay, coal, or any bulk material. A Payloader will more than pay its way every day—send for complete details.

More Than 6500 Hough Shovels Now In Use

3	HA—10% cu. ft.
	HF—½ cu. yd.
	HL—1 cu. yd.

THE FRANK G. HOUGH CO.
MATERIAL HANDLING EQUIPMENT SINCE 1920

700 Sunnyside Ave. Libertyville, Ill.

major extensions and to acquire government-owned facilities which are occupied and operated under lease (\$200,000 at Beloit, \$200,000 at The Rivers, \$800,000 at Freeport); the remainder for general corporate purposes.

Consolidated figures of the company and subsidiaries (excluding Municipal Finance Corp.) disclosed \$53,729,000 of resources at the 1946 year-end. Current assets alone came to \$41,290,000. Current liabilities were \$16,765,000; reserves for contingencies totaled \$5,240,000; and capital and surplus amounted to \$31,717,000.

The company's cash balance, of course, was sharply increased by recent financing. Larger-than-normal cash balances will be the order of the day until the expansion program is completed.

• **Good First Quarter**—First-quarter earnings of F-M are traditionally the poorest of the year. This year, however, they are extraordinarily good. If this trend continues, Fairbanks-Morse should have the largest peacetime earnings in its history.

The company probably would not have had the bank loans and could have handled everything else with its own funds, had it been content without expansion into diesel locomotives. It is playing here for high stakes, and to servers it looks like a good bet. Certainly the company makes good diesel and knows the intricacies of the roads from its 60-odd years of selling to them. And the roads are hungry for diesel power's economy, reliability and availability.

• **New Products**—Other major developments are just around the corner. Fairbanks-Morse pioneered ball-bearing electric motors and spun-copper rotors for motors. Now it has an axial gap motor from which great things are expected when production capacity reaches a level that will permit aggressive selling.

Fairbanks-Morse has several subsidiaries which tie directly into its business but are little known outside the industries concerned. Probably least known is a company that exists solely to own and operate a Boston trawler for testing and experimenting with marine diesel engines.

• **Two Others**—Relatively less obscure is the Inland Utilities Co., which has gross revenue above \$900,000 in 1946 and \$221,000 net profit before income taxes. This 23-year-old corporation owns and operates small electrical and water companies in 69 southwestern communities ranging in population from 100 to 2,000. The Securities & Exchange Commission has ruled both it and the parent company exempt from the Public Utilities Holding Company Act of 1935.

A little more widely known is the

HEADS DIAMOND ALKALI



Directors of Diamond Alkali Co., Pittsburgh, last week named 38-year-old Raymond F. Evans to be president of the company. He succeeds John T. Richards, who announced his retirement as president and board chairman.

Evans joined Diamond in 1931, moved into research and development after five years' operational experience. He was vice-president in charge of research in 1941 when he became president of Diamond Magnesium Co., a government-owned war plant operated by Diamond Alkali. Later he moved to Diamond Alkali's Painesville (Ohio) plant as vice-president and general manager.

Statements, FOR EXAMPLE

No matter what you need in business stationery, you will find that one of the famous Hamilton Business Papers will do the job to the queen's taste . . . and at a far from royal price.

Look at Hamilton Ledger, for example, with its fine working surface. It takes pen ruling perfectly, has exceptional tearing strength, and shows remarkable resistance to erasing.

Use Hamilton Ledger for statements, of course, but be sure to investigate also its ability to add character to invoices, purchase orders, checks, and all kinds of semi-permanent bank, insurance company, and commercial records. W. C. Hamilton & Sons, Miquon, Pennsylvania . . . Offices in New York, Chicago, San Francisco.



HAMILTON PAPERS



Municipal Acceptance Corp. Fairbanks-Morse formed it 19 years ago with \$500,000 paid-in capital, discounts with various types of time paper taken in payment for equipment. Its largest single class of paper consists of municipal obligations. These originate principally from two major kinds of sales to town and city governments: engines, pumps, and related equipment for water supply and sewage disposal; and, much greater in volume, power-plant equipment. F-M has helped many a city shift over from the power lines of a public utility company to municipal ownership by selling it a new set of turbines, generators, and related machinery to be paid for out of earnings. On Dec. 31, 1946, M.A.C. held earned surplus of \$1,200,000 after paying F-M more than \$900,000 in dividends since 1928. Collection losses have been less than 1/4 of 1% of total paper purchased since incorporation. In 1946 its net

Nourishing food served at the plant pays off in stepped-up energy, better employee relations, better production. Let our engineers show you how PIX EQUIPMENT can serve any number of workers with top efficiency. There's no obligation.

Write for complete information
ALBERT PICK CO., INC.
 2139 Pershing Road
 Chicago 9



You'll find

**Cafeterias
 by PICK**

IN AMERICA'S LEADING PLANTS
 MARS, INC. FORMFIT COMPANY
 NATIONAL SCREW & MANUFACTURING CO.
 EKCO PRODUCTS COMPANY ARMOUR & CO.
 CRONAME, INC. AND MANY OTHERS

1947 Dividend Payments Stage Sharp Climb

Common stock dividend payments in 1947's first quarter made a showing almost equal to the impressive corporate earnings performance (BW—May 3 '47, p. 15). As disclosed in the New York Stock Exchange compilation below, over 70% of all equity issues listed on the Big Board paid dividends in that period. Over 51% of the dividend-payers increased their declarations over the 1946 opening quarter.

However, comparisons with a year

ago are misleading. The first three months of 1946 comprised a turbulent, strike-ridden period not conducive to dividend declarations in a number of industries. Many recent dividends, also, in effect represent "1946 year-end" disbursements, paid out of last year's liberal earnings by consumer-goods trades which now face possible merchandising troubles. Thus, few Wall Streeters believe recent dividend gains offer a reliable forecast of full 1947 results.

Trade	Number of issues	Dividend Payers		First Quarter, 1947 Dividend Results			Approx. Amount of Dividends (\$000 omitted)		% Change vs. 1946
		1947	1946	Higher	Same	Reduced	1947	1946	
Amusement.....	20	15	14	10	5	0	\$14,471	\$9,430	+53.5%
Automotive.....	65	41	41	14	24	7	49,947	49,090	+1.7
Building.....	25	19	17	12	7	0	5,905	4,040	+46.2
Office equipment...	10	9	10	5	4	1	5,275	4,601	+14.6
Chemical.....	72	62	60	35	22	6	80,037	58,715	+36.3
Electrical equipment	18	14	13	7	7	0	17,003	16,383	+3.8
Farm machinery...	6	4	3	1	2	1	5,340	4,901	+9.0
Financial.....	28	17	17	5	12	0	17,833	16,656	+7.1
Food.....	64	53	49	28	24	2	41,223	32,665	+26.2
Garment makers...	6	5	4	4	1	0	923	621	+48.6
Leather, shoe mfrs...	11	8	7	5	3	0	3,961	2,809	+41.0
Mach'y, metal prod.	91	67	69	28	37	6	23,441	18,377	+27.6
Mining.....	35	21	20	12	9	2	23,425	18,151	+29.1
Paper, publishing..	30	24	24	17	7	0	10,802	5,509	+96.1
Petroleum.....	40	25	21	13	11	1	62,706	47,514	+32.0
Railroad.....	80	38	37	5	32	3	48,503	54,026	-10.2
Retail merchandise.	70	60	57	49	8	3	63,856	34,523	+85.0
Rubber.....	10	10	10	7	2	1	10,415	4,846	+114.9
Ship operating.....	6	5	4	3	2	0	1,949	1,161	+67.9
Steel, iron, coke...	39	26	21	16	10	0	26,253	21,933	+19.7
Textile.....	32	28	23	22	6	0	14,171	5,726	+147.5
Tobacco.....	18	16	15	4	11	1	14,531	13,265	+9.5
Utilities.....	68	46	41	17	23	7	89,807	83,278	+7.8
U. S. companies operating abroad.	24	9	8	4	5	0	9,934	7,963	+24.8
Foreign companies...	16	13	12	6	6	1	24,260	22,494	+7.9
Other companies...	58	26	29	10	14	8	8,030	9,806	-18.1
Totals.....	942	661	626	339	294	*50	\$674,001	\$548,483	+22.9%

*Payments reduced on 28 issues, eliminated or deferred on 22 issues.

income was \$109,000 and it paid the parent company \$45,000 in dividends.

Four vice-presidents handle four major divisions of Fairbanks, Morse & Co. under the president:

Charles H. Morse III, eldest son of Col. Robert H. Morse, is vice-president in charge of manufacturing. He worked—really worked—for years at the Beloit and Three Rivers plants and at branch houses, emerging into the upper levels of the company only after long and genuinely practical experience.

Robert H. Morse, Jr., is vice-president in charge of sales. Pursuing the family tradition, his apprenticeship in the ranks was grueling and thorough. He worked for some years in the Indianapolis plant. Subsequently he gained marketing experience as branch manager at Boston, Cincinnati, and Dallas.

Lester A. Keeler, vice-president and comptroller, went to work in the Fairbanks-Morse office 36 years ago and has

been there ever since, much of the time as auditor. His business bobby is asking all comers in search of budget increases. "Is it necessary? How much does it cost?"

S. T. Kiddoo, vice-president and treasurer, was born in Joy, Ill., graduated from Knox College. Then, under the eye of Chicago banker Melvin Taylor, he was given a course of banking sprouts in a Dakota town and at the Chicago Union Stock Yards before becoming F-M treasurer 20 years ago.

YOU PAY TO PLAY IN PHILLY

No matter where you live, if you play big-league baseball in Philadelphia you have to pay the city's 1% wage tax. Municipal officials have ruled the levy applies to the earnings of all players, coaches, trainers, and umpires for games played in the city.

It won't be hard for a player to figure

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1947
vs. 1946

+53.5%
+1.7
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+14.6
+36.3
+3.8
+9.0
+7.1
+26.2
+48.6
+41.0
+27.6
+29.1
+96.1
+32.0
-10.2
-85.0
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-67.9
-19.7
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+9.5
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-24.8
+7.9
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figura

7, 1947

Mechanized Selling . . .

is the best, quickest, and cheapest way
to accomplish the first three steps
in manufacturing an order.

CLOSE
THE
ORDER

MAKE A
SPECIFIC
PROPOSAL
... applying
your product to
the prospect's problem

CREATE
PREFERENCE
... for your product

AROUSE
INTEREST
... in your product

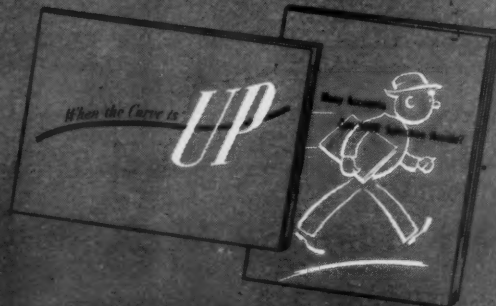
CONTACT

all the men
who directly or
indirectly control
the purchase of
your product

When your advertising is performing its function (steps 1,
2 and 3), your salesman can concentrate on steps 4 and
5 . . . permitting him to make the maximum and most
effective use of his productive time!



These two booklets . . . "When the Curve is UP" and
"How Many Accounts Can YOUR Salesmen Handle?"
... discuss in detail the job that Mechanized Selling can
perform. May we send you copies of either one or both?





Business What makes the¹ world go 'round?

Intercommunication systems give wings to words... help the modern businessman keep pace with today's terrific demands.

But all "inter-coms" are *not* alike. (As you may have found out!) That's why it pays to specify a name you know... Stromberg-Carlson Communication Systems... produced with the same skills and experience that make the famous Stromberg-Carlson radios and telephone equipment.

Visit your Stromberg-Carlson

sound equipment distributor (listed in phone book). See the *many* types of communication systems he has on display — one for every need in office or plant.

OR SEND FOR FREE BOOKLETS describing Stromberg-Carlson Sound Systems for industrial use ☐ or amplified ☐ and telephone intercommunication ☐ systems for the office. (Please check information desired.) Address: Stromberg-Carlson Co., Sound Equipment Division, Dept. B-5, 100 Carlson Road, Rochester 3, New York.



STROMBERG-CARLSON

NATURAL-VOICE



SOUND SYSTEMS



out the tax he owes. He need only know the number of games his club played in Philadelphia in ratio to the total number played during the season. If such contests, for example, amount to 15%, then 15% of his yearly salary is taxable.

For some time the tax has been assessed against nonresident railroad and ship crews. Officials see no reason why ball players should be excepted.

SAVINGS BANKERS' CHOICE

The National Assn. of Mutual Savings Banks last week elected as president for the coming year a Texan with global experience. He is Earl B. Schwulst, executive vice-president and trustee of New York's Bowery Savings Bank, largest of its kind in the country. Schwulst succeeds A. George Gilman, president of the Malden (Mass.) Savings Bank, whose term of office expires.

After a start with J. P. Morgan & Co. and a five-year stint with the Federal Reserve Bank of Dallas, Schwulst headed overseas. For a year he was financial adviser to the Central Bank of Ecuador. He spent four years in the



Earl B. Schwulst

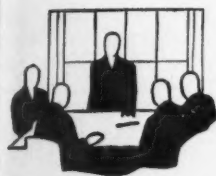
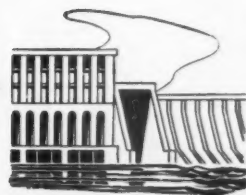
Philippines, where, variously as bank commissioner, adviser to the governor, general, and vice-president of the Philippine National Bank, he is credited with introducing modern banking methods. He later acted as financial adviser to the Cuban government.

Back home in 1933, he became special assistant to the directors of the Reconstruction Finance Corp., then a director of Commodity Credit Corp. and president and director of RFC Mortgage Co. He has been with the Bowery Savings Bank for eleven years.

Q.

What one organization can

construct an hydro-electric plant?



supply operating supervision?

provide capital funds?



A.

Stone & Webster, Incorporated...through three separate corporations under its general direction. Singly, or in combination, they are available to American industry—bringing the long-established standards of Stone & Webster performance to the fields of engineering, finance and business operation.

1. STONE & WEBSTER ENGINEERING CORPORATION furnishes complete design and construction services for power, process and industrial projects. It also constructs from plans developed by others; makes engineering reports, business examinations and appraisals...and undertakes consulting engineering work in the industrial and utility fields.

2. STONE & WEBSTER SERVICE CORPORATION is that part of the organization which supplies supervisory services for the operation and development of public utilities, transportation companies and industries.

3. STONE & WEBSTER SECURITIES CORPORATION is an investment banking organization. It furnishes comprehensive financial services to issuers of securities and investors; underwriting, and distributing at wholesale and retail, corporate, government and municipal bonds, as well as preferred and common stocks.

The business of the parent company also includes investments in enterprises to which it can constructively contribute capital... substantial enterprises ready to take advantage of present opportunities or not yet ready for public financing.

STONE & WEBSTER, Incorporated



NEW YORK 4, N. Y.
BOSTON 7, MASS.



20 MINUTES FROM YOUR PLANT IN COLORADO SPRINGS

Time off—in Colorado Springs and the Pikes Peak Region — means healthful recreation in America's No. 1 all-year vacationland . . . which means increased efficiency on the job for you and your employees.

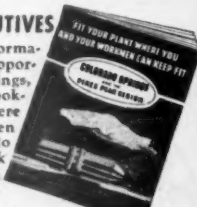
From the standpoint of economical manufacturing, Colorado Springs offers you low-cost fuel, power, light . . . abundant snow-pure water . . . raw materials for every type of industry . . . cooperative skilled labor . . . desirable factory sites on railroad trackage.

Develop NEW Western Markets While Retaining Present Markets

Your plant in Colorado Springs enables you to develop new, multi-billion-dollar Western markets — while retaining present markets. Colorado Springs is strategically centered to serve the rapidly expanding Western markets with low production costs and low distribution costs. At the same time, its central location keeps you in close contact with present markets.

FOR BUSINESS EXECUTIVES

For reliable, complete information about the industrial opportunities of Colorado Springs, ask for a copy of the booklet, "Fit Your Plant Where You and Your Workmen Can Keep Fit—in Colorado Springs and the Pikes Peak Region". Please address on your company letterhead:



COLORADO SPRINGS CHAMBER OF COMMERCE
224 Pikes Peak Ave. Colorado Springs, Colorado

AMERICA'S FINEST YEAR 'ROUND CLIMATE

LABOR

Will the Majority Hold?

Both houses pass labor bills; conference version will go to President soon. A.F.L. and Lewis may promise no coal strike in return for a veto; that might mean no law at all this session.

Victorious on all but one major issue—curbing industry-wide bargaining—Sen. Robert A. Taft got his labor bill through the Senate this week. The vote was 68 to 24. But whether its provisions would become law still remained in doubt (page 5).

In point of progress the Senate is now even with the House. There a bill similar in many respects rolled through by a whopping 308-107 majority exactly one month ago.

• **Hartley Bill Stiffer**—Even stiffening amendments pushed by Taft and Joseph H. Ball of Minnesota failed to make the Senate bill stack up in sharpness and scope with that handled in the House by Rep. Fred A. Hartley, Jr., of New Jersey.

What differences there are between the two measures will be reconciled by a Senate-House conference committee. The committee may have trouble working out a compromise bill. But whatever problems it runs into won't be a patch on the problem of reconciling the views of Congress and the Administration on what a new labor law should be.

• **On the Spot**—Once the committee compromise clears both houses of Congress, Harry Truman will have to make the most important political decision he has had to face since becoming president. That decision is no longer whether to sign or veto, according to White House sources. It is: Will the President allow the bill to become law without his signature, or will he write a veto message

which will be one of 1948's hottest campaign documents? He has not yet decided.

If Taft can't hold the two-third majority he needs to override a veto now seems clear that such a veto would kill both the conference bill and all hope of labor legislation this session. Except for one factor, Truman is ready to take his chances with that political choice. That factor is, of course, John L. Lewis.

• **Coal Strike Would Hurt**—If Truman kills the Taft-Hartley bill and there is a coal strike this summer, he picks up a political liability heavier than any candidate wants to carry into the 1948 race. There have been intensive discussions between the A.F.L. leadership and the White House on the coal strike problem. Truman is bargaining for a peace commitment from Lewis in return for a veto. The A.F.L. doesn't like that kind of bargaining; is three-quarters convinced that Truman will veto anyway. But Truman will use that fraction of doubt to nail Lewis down.

At this point Truman offers his veto in return for peace in coal. But the deal will be one of Washington's most closely guarded secrets—otherwise Lewis' bargaining power with the coal operators is bled off. Should the White House-A.F.L. arrangement become general knowledge, Lewis might feel himself free of his pledge.

• **Three Points**—Both branches of Congress are in general agreement on at



Bills successfully sponsored by Rep. Fred A. Hartley, Jr. (left), and Sen. Robert A. Taft (right) put the President in the middle of the labor-law fight.

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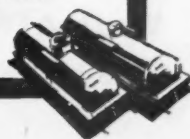
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least three points which would apply to the soft-coal dispute. One is the method of dealing with strikes affecting public health and safety. The bills would authorize the government to obtain a court injunction in such a case which would prevent a strike for at least 75 days. This provision could be used against Lewis if he calls another coal strike July 1, when federal control of the mine ends.

The second point attacks the United Mine Workers' welfare fund, to which a 5¢ tonnage royalty is paid by the operators under the government contract. The House would ban such funds. The Senate would permit them, but control their use.

Finally, both House and Senate bills deny legal protection to foremen's unions, whose recognition coal mine operators resist. Lewis is not precluded from bargaining or striking on this issue, however.

• **Union Security**—Power wielded by Lewis and other union leaders would be crimped further by a provision in both bills outlawing the closed shop and regulating the union shop.

Also, the House bill would ban industry-wide bargaining, a major bone of contention in the coal and phone controversies. By the narrowest vote, 43-44, the Senate rejected a Taft amendment indirectly aimed at nationwide negotiations. While permitting them, it would have prevented international unions from dictating contract demands to local unions.

• **Injunction**—Both bills would permit use of the injunctive weapon to crack down on secondary boycotts and jurisdictional strikes. This is one place where Truman is in at least partial agreement with Congress; in his State of the Union message last January, the President condemned both of these labor abuses.

The two bills have slightly different approaches to the problem: the House would allow private employers to seek injunctions in such cases; the Senate would limit the function to the National Labor Relations Board. But the Senate bill would also permit employers to sue unions for damages.

• **Area of Disagreement**—There are a number of provisions approved by one house but not by the other. These will have to be ironed out in the conference committee.

The Senate bill would enlarge NLRB to seven members; ban union coercion of workers; set up a Senate-House committee to make an intensive, long-range study of the entire labor problem.

The House bill would replace NLRB with a Labor-Management Relations Board, and separate the board's judicial and prosecution functions; subject certain concerted union activities to anti-trust prosecution; outlaw mass picketing, political contributions by unions, strikes

apply to government employees, and any method not supported by a majority of employees in secret ballot.

Area of Agreement—Otherwise, the Senate and House are in agreement on these additional provisions:

- Lifting the Conciliation Service out of the Labor Dept.
- Defining unfair labor practices by unions.
- Protecting free speech on both sides.
- Making unions suable for breach of contract.
- Cracking down on Communism in unions, principally by withholding certification of tainted unions.
- Subjecting NLRB decisions to court review.
- Outlawing the involuntary checkoff.
- Requiring detailed financial reports by unions.

Fishermen Found Guilty in Antitrust Case

The government has won the first round in its contention that unionization of independent producers to force price agreements is an antitrust law violation.

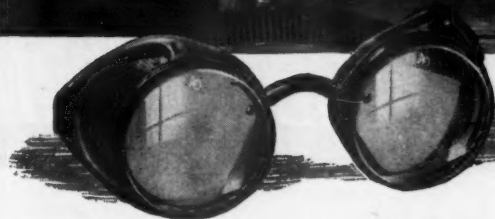
Found Guilty—The decision came in a precedent-setting case. A jury in the U.S. District Court at Los Angeles had listened to eleven weeks of testimony and arguments. Last week after two hours of deliberation, it convicted Local 6 of the International Fishermen & Allied Workers of America, C.I.O., and 14 of its members and officers.

The C.I.O. fishermen were found guilty of conspiracy to violate antitrust laws by use of pickets and boycotts to force southern California dealers into price-fixing contracts for fish (BW—Sep. 4, '46, p.46).

Defense—Union attorneys based their defense on three premises: (1) Fishermen, like farmers, are regional producers and not subject to antitrust laws; (2) labor is not an article of commerce; (3) the union functioned legally under California's Fishermen's Marketing Cooperative Act of 1934.

Government attorneys argued that the fishermen were independent operators of fishing boats who bargained only on price; they didn't act collectively in selling their catch. Hence, their organization was neither a union nor a cooperative. The C.I.O. members were selling fish, not labor. There was no employer-employee relation between the dealers and the union; therefore, the fishermen were not immune from antitrust prosecution.

Defense attorneys will appeal the convictions if new trial is denied next week when sentence is to be pronounced. Maximum penalty is one year imprisonment, \$5,000 fine, or both.



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American Optical Company, in competition with 325 companies has won the state-wide accident prevention contest for 1946 and has received the Grand Trophy presented annually to that Massachusetts concern judged to be the safest in which to work. We prize this honor highly, not for the trophy merely, but because the attainment of the safest working conditions for our employees, earned through unrelenting effort, is its own reward. In this spirit, we are also pleased that the award in the Commercial Vehicle Accident Reduction Contest was won by AO for operating its trucks during 1946 without accidents.

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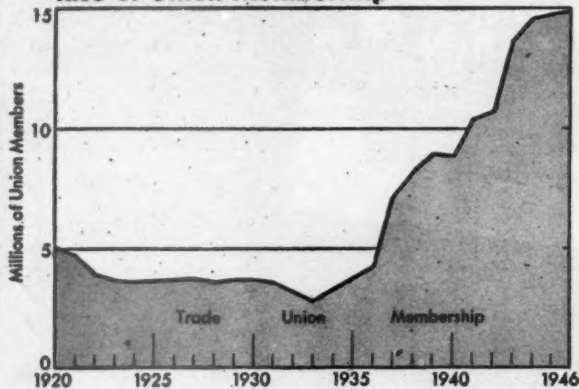
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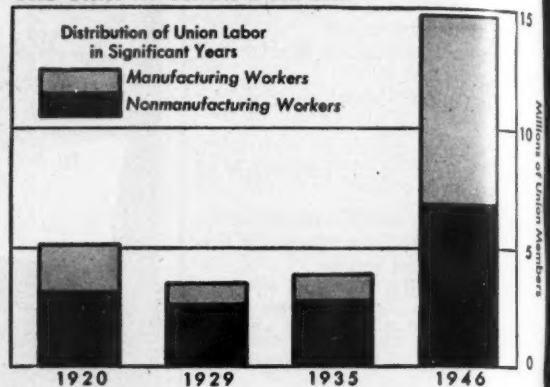
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UNION LABOR—HOW IT HAS GROWN

Rise of Union Membership



The Shift in Union Domain

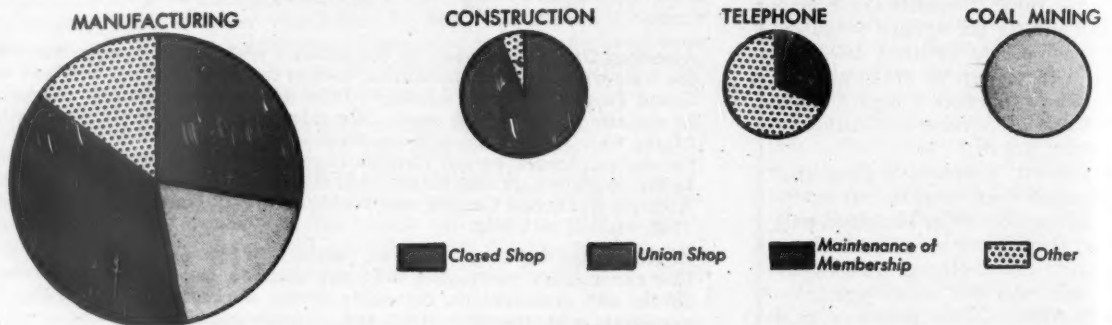


Proportion of Employees Under Union Contract, by Industries. 1941 vs. 1946



Union Contracts—What Kind

How the 15 million workers employed under collective bargaining agreements are distributed, by type of contract



Data: National Bureau of Economic Research; Bureau of Labor Statistics.

© BUSINESS WEEK

At a record high up to that point, union membership in 1920 stood at 5,034,000. A postwar recession, then uncongenial prosperity, and finally depression thinned it to 2,857,000 in 1933. Without faltering since, it has grown to its present 15,000,000. To-

day, the greatest number of union members are in manufacturing, a reversal of the past pattern which centered union strength in construction, mining, transportation.

During World War II more and more industries were blanketed by

collective bargaining contracts. Now, a vast majority of those contracts have provisions making employment conditional, in some fashion, upon continuing union membership.

For the long-run meaning of the picture see the Labor Angle, page 76.

Expensive Victory

Safeway wins right to sell meat in San Francisco on Monday after year-long fight with A.F.L. butchers. Cost: \$5 million.

How much does it cost to preserve a management function against union policy? Safeway Stores was closing the books this week on just such a battle. It could testify that it wasn't waged at bargain rate.

Monday Closing—In San Francisco a year ago, Safeway came to grips with Milton Maxwell, international vice-president of the A.F.L. Amalgamated Meat Cutters & Butcher Workmen. Maxwell reopened his union's contract with Safeway and the independent meat markets, got higher wages and shorter hours for butchers.

Maxwell also proposed that all meat markets be closed on Mondays. Safeway balked (BW—Jun. 8 '46, p. 28), not only because it looked like bad business, but also because of a conviction that Maxwell was usurping a management function. The proposition looked attractive enough to the independents; meat was scarce, and they could sell all they could get in five days or even less. But obviously it would be economic suicide to close on Mondays if Safeway's 77 San Francisco meat counters remained open for business.

Boycott—Despite opposition from his own international and from other A.F.L. unions under contract with Safeway, Maxwell enforced Monday closing. No meat has been sold on Monday in San Francisco—or on any other day in Safeway's San Francisco stores—since last May 23. An injunction forbade the union to strike or picket Safeway, so the union's 168 butchers went fishing on Mondays; they found the meat departments closed other days.

When the reopened contract expired in September, Maxwell went a step further and lifted all the Safeway union-shop cards, establishing a boycott which has been in effect ever since.

Safeway Wins—Later, Patrick E. Gorman of Chicago, secretary-treasurer of the international union, went to San Francisco. With Maxwell, he ended the dispute on Safeway's six-day-week basis at a scale established by the independents in January: \$70 for 40 hours, \$91 for 48 hours. There are no split shifts, and butchers must work the last five days of the week to be eligible for the time-and-a-half pay on Monday.

Safeway figures the cost of sticking to its guns at close to \$5 million. The figure includes loss of business and the cost of advertising and counsel fees incident to the boycott.

OVERHEAD GOES UNDER in San Antonio



Overhead costs will go under your usual budget when you locate in San Antonio.

San Antonio's mild climate—69.1 average mean temperature and 266 days of sunshine yearly—means better health among employees. Living is more pleasant and economical. Executives and labor alike are more efficient.

Building construction and maintenance, heating, equipment upkeep and other overhead items are unusually low. Many industries now use light structures and do outdoor work the year around.

A large pool of skilled and semi-skilled, cooperative labor; natural gas at low industrial rates; pure water from artesian wells; near-by sources of raw materials; transportation facilities; a large and swiftly expanding market; strategic industrial sites still available—these and many other attractions demand serious consideration of San Antonio's excellent industrial position.

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- **GLASS** container manufacturing
- **LEATHER** tanning and products, including garments
- **FURNITURE** and novelty manufacturing in wood and metals
- **STEEL**, metal fabrication
- **PLASTIC** fabrication
- **CERAMICS**—pottery, clay products
- **CHEMICALS** in many fields

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	Estimated	Actual
Total vote	48.4 millions	48.0 millions
Roosevelt vote	25.2 millions	25.6 millions



Office Patience is no virtue

Gone are the halos these gals
didn't deserve.

They had been waiting 25 minutes for photocopies of file cards ... when they could have gotten copies in 25 seconds.

SEE PAGE 27

THE LABOR ANGLE

Bulk

Management men will find the charts on page 74 worth a careful look. As this or that labor dispute makes the headlines or impinges upon a particular enterprise, one aspect of the "union problem" is clearly visible. These charts are a picture of the under side of that iceberg—the bulk below the surface which supports the peaks of recurrent crisis.

To those who approach the phenomenon of American unionism with a historical perspective there are no surprises in the picture. What has happened since the middle thirties has been repeatedly foretold. Unionism, later in getting really started here than in any other industrial nation, has simply made up for lost time. It has been aided immeasurably by a favorable political climate, by a rising employment curve, and by the strategic bargaining position which a war confers on organized manpower.

But these are only the winds which happened to be blowing in the same direction as the running tide. Their conjunction made a torrent which, while it left some islands of employment untouched, washed against almost all of industry.

Dynamic

And within each separate industrial context, the union movement maintains its dynamism. Being a human institution established to command power and exert it, the union does not rest with the performance of its simple economic function. If it did, it would be satisfied to organize just enough to influence, by its bargaining, the wage rates in its industry. Instead it presses on—attempts to recruit every last eligible, fighting to increase its own security.

This is the union growth-drive now, as it has been since 1941. Note how the number of industries blanketed by union contracts has increased; note how large a proportion of unionists are employed under contracts assuring their continued union membership.

If every employer in the country signed a union contract tomorrow binding himself to bargain over wages and working conditions in perpetuity, the unions would not

abate their efforts to sign up every employee. And if every worker in every industry became a union member tomorrow, the labor organizations would only intensify their efforts to have them employed under contracts which made continuing union membership a condition of employment.

Inevitable

We can now expect the union membership curve to flatten out. It may even recede appreciably. The tide has run its course, the wind has shifted to another direction. The postwar decline of organized labor has not yet begun, but it is inevitable. This too is a historical imperative.

That, however, is a little knowledge, and dangerous. It must be supplemented with the same broad view which made it possible to predict a dozen years ago that a labor upsurge was under way which would carry unionism to unparalleled heights and unprecedented strength. Lacking that view, a management appraisal of the outlook can prove to be badly distorted.

Note the chart, "Rise of Union Membership." In 1920, union membership was at its historical peak. Through the prosperity of the twenties and the early, sharpest depression years of the thirties it receded as precipitously as it ever has. The tide was dammed, the winds blowing strong and unfavorably. Further, the unions were not then bulwarked with the social and political recognition which they now have. Even so, membership dropped only from 5,000,000 to 2,850,000—about 40%.

Bedrock

If a decline of equal sharpness lies ahead—and more cannot reasonably be anticipated—the union membership bedrock is 8,000,000. Much more likely, the decline will leave union membership stabilized on a plateau somewhere between that 8,000,000 and its present 15,000,000.

A decline which will carry the union movement back to its status in the twenties is well-nigh inconceivable. In appraising the outlook, management must keep in mind the magnitude of organized labor and the security for itself which it has written into its contracts.

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- Four modern buildings, floor area 178,000 sq. ft.
- Strategic location as to sources of supply
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War Assets Administration now offers this excellent, immediately-available property for sale or lease. Used originally for the production of marine reduction gears it was designed to permit efficient layout of machine tools and heavy assemblies and is adaptable for various types of general manufacturing.

LOCATION: Approximately 5.11 acres lying west of the intersection of Albion Street and Blaine Avenue in the Auburndale Section of Toledo, Ohio.

TRANSPORTATION: Two sidings entering into main building connect with main line of the New York Central Railroad. Plant is within a few city blocks of U. S. Highways Nos. 25 and 223. Toledo Airport is 12 miles distant.

War Assets Administration invites proposals for the purchase or lease of this facility, known as NObs-419-Toledo, Ohio. All proposals must be submitted in quadruplicate on the Uniform Bid Forms now available from the Cleveland Regional Office. These bid forms give the terms and conditions of the offer and the full description of the property. Priority for qualifying small business can be arranged.

All proposals to purchase or lease, made on the Uniform Bid Forms, must be submitted by 4:00 P.M. (E.S.T.), on June 25, 1947, to the War Assets Administration, Office of Real Property Disposal, by mail to Post Office Box 6432, Cleveland, Ohio, or in person at the Regional Office, 1265 Euclid Avenue, Cleveland 1, Ohio, at which time and place bids will be publicly opened and read. War Assets Administration reserves the right to reject any or all proposals.

For credit terms, for property inspection, for copies of Uniform Bid Forms write:

BUILDINGS: There are four (4) buildings having a total floor area of approximately 178,000 sq. ft. The largest of these is the Manufacturing Building, 302' x 522', one-story, reinforced concrete and steel frame, brick walls. The brick walls extend to a height of 22', and above this is a plywood wall 8' 6" in height. The clearance from the floor to the lower chord of the steel trusses is 29'. Attached to the Manufacturing Building is a two-story Office Building, containing approximately 3,000 sq. ft. Heat-Treatment and Cleaning Building is 101' x 203', containing approximately 20,200 sq. ft. Construction similar to that of the Manufacturing Building.

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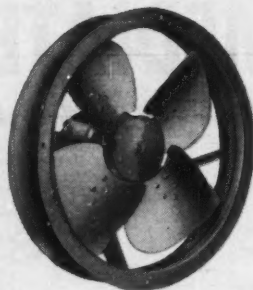
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R & M Fan Folder No. 1950 and the name of your nearest distributor will be sent on request. Robbins & Myers, Inc., Fan Sales Division, Springfield, Ohio; or Bramford, Ontario.



Policy in the Ranks

Management seeks better communication of its policies to lower echelons—mainly to help labor relations.

Policy formulation is of the highest importance to management. But almost as vital is the problem of communicating that policy to the lower echelons which must carry it out. When that policy concerns labor, a snag in the communication line can make the most carefully conceived policy vulnerable to capricious veto.

• **Collection**—Early this year, the American Management Assn. embarked on a project which it considered a necessary postwar service. That was the collection of samples of management publications designed to inform junior executives and supervisory employees on company policies and general developments of significance in the labor relations field. The collection has been almost continuously "on the road," being viewed by conventions, conferences, and special personnel groups.

To answer some of the questions regularly raised, A.M.A. will soon release a research study on policy manuals. In it A.M.A. will discuss: (1) methods of getting pertinent information for junior management down on paper; (2) various techniques for properly channeling this information; (3) methods of acquainting junior management with the "why" and "how" of use of the material; and (4) methods of keeping material alive—revised and up-to-date.

• **Misunderstandings**—Most companies, A.M.A. found, do not have—or do not distribute—written policy statements. In these companies junior management is briefed solely by conferences. Hence, misunderstandings are frequent.

The association urges that manual plans, formerly considered within the scope of only the biggest companies, can and should be adopted by smaller companies, too.

Generally, information channeling takes one of three broad forms:

(1) **Company policy bulletins**—These may consist solely of directives on company policy, changes in personnel practices, etc. Or they may also include interpretive discussions of policies, and detailed explanations of how personnel practices are to be put into effect and supervised.

(2) **Educational bulletins**—These usually include notices of company policy, but also cover extensively other matters of broad interest, such as technological developments. However, foremen unionization campaigns (BW—Mar. 29 '47, p. 86) have caused many such

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to be developed into thinly veiled
 appeals for foreman loyalty, and into ar-
 guments against unionization.
Informal letters—These make use
 of house-organ techniques, do a mini-
 mum job of transmitting information.
Unique Programs—While these are
 special classifications, they do not cover
 topflight and unique programs.
Continental Can Co.'s semimonthly
Location Trends (BW—Apr. 26 '47,-
 10) is perhaps the best example of
 it. It is a capably edited, highly
 realized resume, and interpretation,
 "what's new in labor relations and
 industrial relations." It doesn't duck
 facts, regardless of how distasteful
 the editor may find them.
 The magazine is edited by Miss Dorothy
 Copeland, director of industrial re-
 lations, who is under general supervi-
 sion of James E. Niederhauser, manager
 of industrial relations.
 The magazine normally leads off with a two-
 page section of succinct labor relations
 highlights, for quick reading. Topics are
 developed in interpretive detail in sub-
 sequent pages, prepared and indexed
 for quick insertion in a permanent
 file. As often as not, subject matter
 is taken from general labor-management
 news developments.
Limited Circulation—Other corpora-
 tions, including General Motors and
 U.S. Steel, do a similar type of inter-
 view job in the labor relations field.
 These corporations subscribe, for se-
 lected junior management men, to
 professional labor relations services and
 magazines which follow and interpret
 news developments. Still others route
 through the office folders of magazine
 and newspaper clippings.
 But generally management makes



Continental Can's realistic and unique
 internal communication is edited—for internal con-
 ception—by Dorothy R. Copeland.

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 welding by the submerged-arc method
 because of inherent characteristics of
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As a project of integrated research
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 yield. To weld a four-inch section
 under high preheat in cramped quar-
 ters, there was evolved a unique, mul-
 tiple-layer submerged-arc welding
 technique which produces uniformly

satisfactory results on sections up to
 eight inches thick. In addition three
 other desirable results are obtained:

- 1 It reduced man-hours of weld-
ing time 50% to 80%.
- 2 The process was applicable to
high tensile steels.
- 3 It materially reduced the inher-
ent risk in welding at high pre-
heats.

Considerable practical experience
 with this technique, augmented by the
 development of specially designed
 equipment, constitutes a distinct ad-
 vancement in the art of welding, offer-
 ing new advantages to designers of
 welded structures.



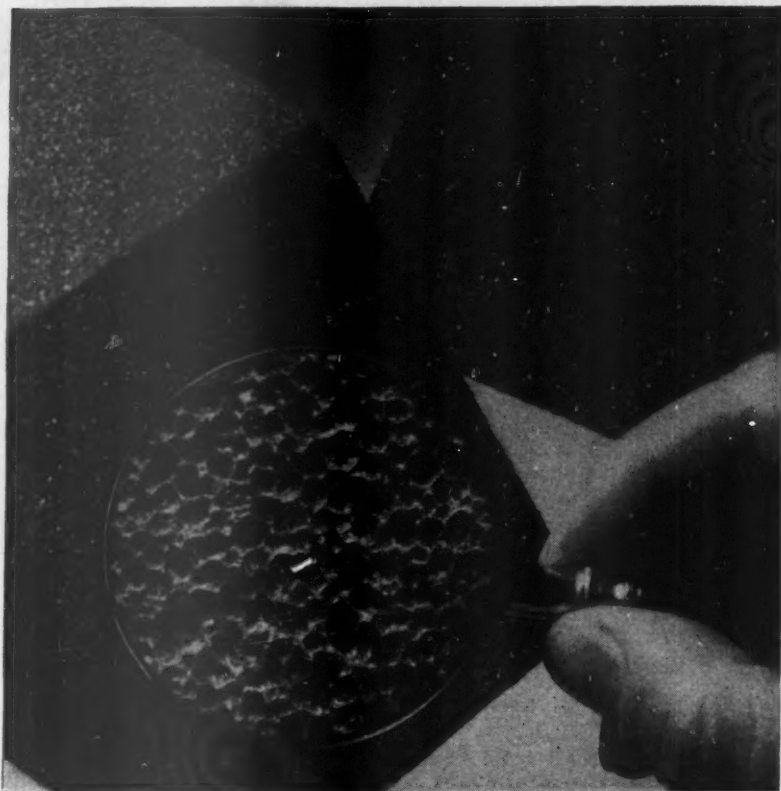
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Used as an insulating material on roofs and in walls and floors, PC Foamglas helps to maintain desired temperature levels and to minimize condensation. Because it is glass—and therefore waterproof, verminproof and fireproof—it also has the unique advantage of retaining its insulating value *permanently*.

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little or no effort to distribute specialized labor relations material.

Typical plans on file with A.M.A., instance, include:

● **Caterpillar Tractor Co.**—Its Foremen Letter program, of loose-leaf binder sheets is of the company-policy bulletin type. Releases are distributed "whenever a subject of continued interest arises." General that means whenever there is a directive foremen covering a new company policy, modification of an old one.

● **Pittsburgh Plate Glass Co.**—Bulletins issued periodically by the Industrial Relations Dept. are intended to keep management up to the minute on all company policies.

● **Libbey-Owens-Ford Glass Co.**—Bulletins issued in nonpermanent form deal with procedures and company interpretations of labor developments which may be of direct use to foremen. Typical: a full discussion of how grievances should be handled.

● **Allis-Chalmers Mfg. Co.**—A regularly issued Foremen's Bulletin, for insertion in a manual by foremen and junior executives contains information on all company operations.

● **General Foods Corp.**—A Personnel Review, in permanent form, uses general subject matter, is not interpretive. It contains digests of articles of interest—and professional value—to junior management, plus important news briefs.

● **Louisville & Nashville R.R.**—A Management Bulletin, regularly issued in permanent form, is designed to give all personnel developments and policy changes. Objective to acquaint junior management with changes as they develop, so that any important action can be foreseen and passed up the chain of command.

● **ATF, Inc. (American Type Foundry)**—One of the close approaches to the Cornell Can plan, this is a twice-a-month newsletter specifically devoted to labor matters, both internal and general.

Antistrike Law

Missouri adopts a strong measure to curb public utility strikes. Its teeth are set for management and labor alike.

Missouri has become the fourth state in one year to enact strong legislation curbing public utility strikes. An administration bill setting up a bargaining procedure has been passed by the General Assembly, despite management union opposition. It will become effective about Sept. 1.

The Missouri bill was patterned after the New Jersey law of 1946, and subsequently twice revised—first to add enforcement teeth (BW—Apr. 19'47, p. 11) and later to extract some unworkable ones. Other states with utility strike curbs are Virginia and Indiana (BW Apr. 5'47, p. 99).

● **What It Does**—Missouri's version establishes a five-man, tripartite mediation board to consider disputes in utility

urnishing electric light and power, gas, steam, water, sewer service, transportation (except railroads), and communications. This board may intervene in negotiations whenever a deadlock threatens. It may require disputing parties to meet with it, or with an appointed conciliator, in an effort to reach a voluntary agreement on terms. If conciliation fails, disputants are referred to accept fact-finding by a three-man Public Hearing Panel. Its findings are not binding. But if the parties do not accept recommended findings, the governor is authorized to seize the utility. He may operate it through a state department or agency, and may make such rules and regulations as he may deem proper. Moreover, he may use injunctions and mandamus proceedings in state court to enforce orders. Strikes and lockouts are barred after seizure.

Propositions Against Workers—Stiff penalties are provided. Rank-and-file workers who strike lose their status as employees. By law, they can be returned to work only as new employees, through a new hiring process. The strikers' union can be fined \$10,000 a day for defiance of the law; union leaders can be fined \$10,000 a day for "calling, inciting or abetting" a walkout.

There are no criminal penalties; recent experience showed the folly of such sentences. New Jersey's legislature attempted to add teeth to its 1946 law by making workers who strike after being subject to jail sentences. An immediate test, in the telephone strike, showed united labor defiance. The result indicated there wasn't cell room enough to enforce the revised law.

The law was changed quickly. Now the New Jersey law contains provisions for fines only (from \$25 to \$250) against individuals for participation in "any concerted, work stoppage, or concerted refusal to work for the state" or seizure of utility plant.

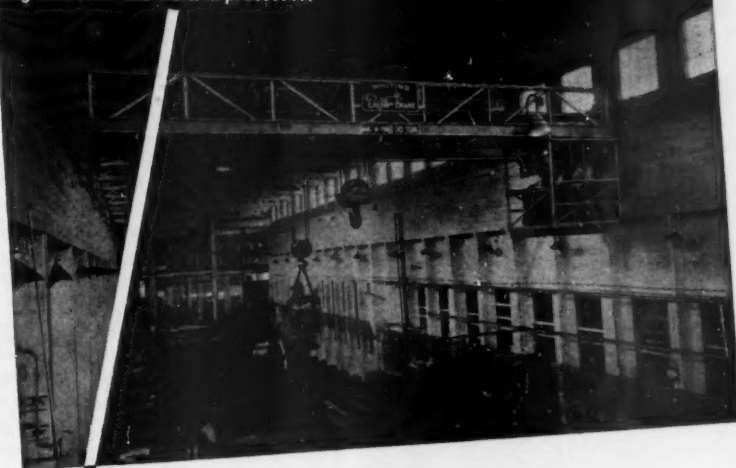
Propositions against Management—New Jersey, Missouri imposed heavy penalties against management. Companies face a \$10,000 daily fine for a lockout in defiance of the laws. If the arbitration board decides management refused to bargain in good faith, the company might lose the Public Service Commission authority under which it operates.

Both management and unions opposed the bill largely because of the penalties it included. Labor was the strenuous objector, but fought a long battle to have the provisions of the bill changed.

Hope in Missouri is that the possibility of compulsory fact-finding, and stiff penalties if a stoppage should occur, will induce parties to bargain to settlement, or to accept voluntary arbitration before emergency measures become necessary.

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Time studies show that materials-handling constitutes $\frac{1}{3}$ to $\frac{1}{2}$ of the activity in most plants. While money and effort spent in machining, treating and processing add to product value, handling adds only expense.

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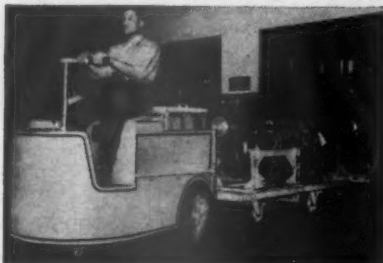
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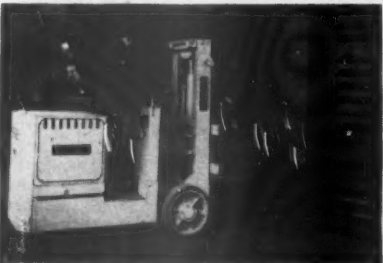
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Strike at Ford?

Foreman's Assn. making plans for walkout; company, in effect, challenges it to go ahead. Hard words are exchanged.

Affairs between the Ford Motor Co. and the independent Foreman's Assn. of America were drifting toward the crisis stage this week.

The three-year-old contract between Ford and F.A.A. was terminated last week end (BW-Apr.19'47,p96). Neither side has since been able to persuade the other to extend the relationship on the basis it seeks. The association is making plans for a strike effective May 19 or later. Ford, in effect, has challenged the labor group to go ahead.

• **Fanning the Flames**—Ill-feeling between the two parties has grown during the past month. The first incident was Ford's announcement of the cancellation of the contract—a move which came after the F.A.A. had served similar notice on the company.

F.A.A. was angry at Ford's making the first public move, and thereby inferring that the company had taken the initiative. And it was almost equally peeved at some of the phraseology in the letter, which said baldly that the idea of a supervisory union had not worked.

The timing of that statement was a particular blow to F.A.A., engrossed as it was in trying to extend the legitimacy conferred on it by the Supreme Court in the Packard case (BW-Mar.15'47, p97). The union cracked right back, therefore, pointing out that Ford's actions up to the time of the contract cancellation indicated no particular intention to make any such move.

• **What They Want**—The foremen's cancellation move grew mainly out of one objective: elimination of the no-strike clause in the contract, which continues from year to year unless amended. The no-strike clause prohibits walkouts except as a result of unsettled grievances, and F.A.A.'s complaints hinge less on grievances than on proposed contract changes.

Among other things, F.A.A. wants restrictions on responsibilities of foremen. It claims they should only supervise work in their departments, and not police loitering. Ford's position is that (1) general foremen should not be eligible for membership in the association, and (2) foremen should take more management responsibility generally.

• **Challenge**—One harsh word has led to another during the past month, culminated by a note from John S. Bugas, Ford industrial relations chief, advising the F.A.A. that "... if you think by a

strike you can coerce the Ford Motor Co. into some agreement which you know is not workable, or if you think that foremen really have no management responsibility, perhaps this is a good a time as any to settle the issues."

If the foremen strike, Ford's non-strike and-file workers, members of the United Auto Workers (C.I.O.), may refuse to pass supervisory picket lines. If they go into the plant, general belief is that more than a day or two will not be productive. Ford, therefore, faces the probability of shutdown if the strike occurs, at a time when its dealers are clamoring for cars.

• **Threat**—There are equal dangers from the foremen's viewpoint. A well publicized strike at Ford would do more to anything else to give impetus to legislation pending in Congress to exempt foremen from the benefits and protections of collective bargaining rights.

The mutual objections to strike action are the best indication that a walkout may not occur. But the course of events is pointed the other way.

C.I.O. DANCE STEP



Arthur Murray's Manhattan dance instructors recently registered — and demonstrated — their kicks on the picket line. Girls and men took time out from lessons to form a conga line outside the studio door. To the rhythm of one-two-three-kick, they called on Murray to recognize their local United Office & Professional Workers (C.I.O.), quit dealing with the independent Arthur Murray Dancers Guild.

PRODUCTION

Key to Metal Knowledge

War-time research, domestic and enemy, developed new ways of working with metals. Many adaptable to peacetime production. Government report makes them available to all industries.

One of the storehouses of war-developed technical knowledge is crammed with new discoveries in metallurgy. In government teamwork on research brought new alloys, and new ways of working with metals. These were put to immediate use in gas turbines, armor plate, ship and other war equipment.

Most of the companies that participated in this wartime research were, necessarily, large corporations. They had staffs and facilities needed for the job on tap.

Available to All—But today smaller companies, without extensive research facilities but facing problems in material and fabrication, can dip into the metallurgical storehouse for answers. The job is made easier by a new key:

Dept. of Commerce report PB-52,353, just released. It is available through the Office of Technical Services, Dept. of Commerce, Washington 25. In its 93 mimeographed pages are summarized 100 of the major metal-research projects. Many a harried production executive will find in the department's report a promising lead to the solution of a current headache.

Projects covered by the report include welding, light metals, high-temperature alloys, foundry materials and processes, low-temperature behavior of metals.

• **Peacetime Applications**—Although all of these projects were aimed at specific wartime problems, the data obtained can be valuable in peacetime product development.

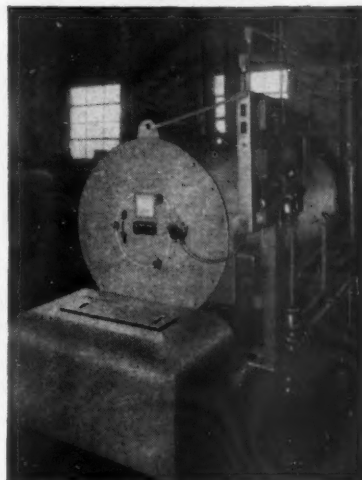
For example, wartime problems in the



ENDING DOUGHNUTS AROUND A CORNER

How to make a conveyor belt turn a corner has always plagued belt manufacturers and users. With a woven-wire belt called Flex-Grid (above), an answer has appeared. The belt, manufactured by North Chicago's Cyclone Fence Division of American Steel & Wire Co., consists of parallel steel wires linked together at both ends. The chain-belt thus formed makes any turn from a slight twist to a complete reversal of direction—to haul, for instance, a doughnut from stove to packaging unit.

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ORANGEBURG
THE ROOT-PROOF PIPE

welding of steel ships led to a series of studies that uncovered a vast amount of data on welding stresses, weldability of steels, and fatigue of welded joints. Such basic information can be applied in the design of any large welded structure subjected to similar service conditions. Application of the information might even improve design techniques in other types of welded products.

• **Advantages and Problems**—Welding offers process advantages in saving time and manpower; it is versatile and fast; it is a method that can be taught quickly to a nonskilled worker. Welded joints approach or equal the joined part in strength. For such reasons, welding played an important part in wartime production.

But problems arose: Why did some welded merchant ships fail? Why did seemingly strong plates fracture? The wartime research that tackled these problems came out with fundamental in-

formation that can be put to work today.

For example, it was learned that practice of selecting a steel on the basis of the usual standards of static stress is not satisfactory for large welded structures, such as ships, which are subjected to complex stresses. Fractures occur where pieces have been cut out, and at corners.

• **Stresses in Structure**—In the engineer's lingo, a cut-out, corner, or notch in a piece of steel is a notch—and stress on the whole piece tends to pile up at these notches. Wartime research showed (1) that stress concentration at notches dominates structure behavior, and that the way steel is made and heat treated affects this behavior.

To the technicians, this means that the "notch-toughness" of steel must be thoroughly investigated. It emphasizes that stress concentrations can be avoided by streamlining of design—eliminating

Machine Breaks Piston-Fitting Bottleneck

Engine manufacturers have always had a time-consuming and expensive problem in fitting pistons to cylinders selectively. Pistons must be fitted within close tolerances. But in mass production it is difficult to bring cylinder walls to uniform size with the fine smoothness that is a requirement.

To assure tight fit, the usual practice is to sort pistons into four or five different size groups, each group varying only microscopically from the other groups. The assembler then fits a piston from the proper class into each of the engine block's cylinder holes.

• **New Tool**—Now Micromatic Hone Co. has developed a machine which promises to do away with varying sizes of cylinder holes, and thus with selective piston fits. The Micromatic machine maintains the bores of a block within 0.0005 in. of each other, and does the whole honing job within 30 seconds.

One of the biggest car makers has ordered several of the new machines, and others will likely follow suit soon.

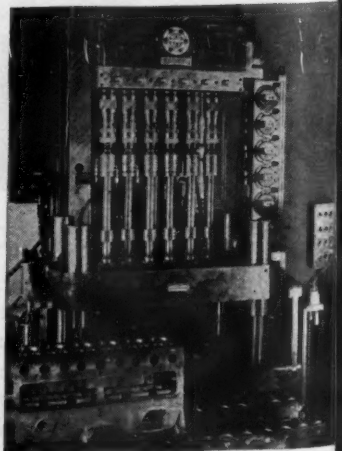
The new tool is simple in concept. A Barnsdril honing machine is equipped with a Micromatic head, tools, and fixtures. It is made for a six-cylinder automobile engine, but a four- or eight-cylinder engine could be handled just as readily by the tool.

The block to be honed is conveyed to its place under the spindles. When a button is pressed, the tools move

into the work. They bring their automatic "hydrosizing" honing and expansion to a predetermined point—a process that was developed and announced more than two years ago (BW—Oct. 14 '44 p58).

• **Automatic**—As each tool reaches the right size (which is measured by an air gage built into it), pressure on the honing sticks relaxes and the spindle whirls without removing any more metal. When all tools have completed their work, the spindle automatically withdraws and the shut off.

The honing action on the inside of the holes removes an average of 0.004 in. of metal from each of the bores, and corrects out-of-roundness and taper. Compensation for wear of the abrasive is taken care of entirely automatically.



\$75,000 Idea found in Catsup bottle

SOMETIMES you get ideas from the darndest places. Ideas that put real money in your pocket. For instance, an upstate New York ketchup plant recently paid \$75,000 for a new and more efficient way to make catsup. It's a story that should interest anybody who's ever thought about the problem of designing new equipment. And one we feel free to tell, because the successful operation of the processing plant was largely dependent upon a mere \$75,000 worth of Taylor Instruments.

The food processor previously evaporated tomato juice in open kettles. But this method had many shortcomings for their large scale operations: For one thing, it wasted a lot of steam to the atmosphere. And a lot of flavor was lost up with the steam.

They called in an equipment manufacturer and they called in Taylor. A new and improved continuous method of tomato juice concentration was employed that reduced steam consumption more than 50%. A more uniform quality product resulted.

The point is that the operation of this new type of equipment could hardly have been practical without a thoroughly engineered control system. And it could hardly have been designed without thinking about the instrumentation from the very start.

Was the project a success? Yes sir! In fact, two Taylor Controlled units are now operating in the catsup line in this plant.

This new catsup maker is only one of many instances where Taylor, working closely with an equipment manufacturer during the blueprint stage, has made the manufacturer's selling job easier. Whether you're designing new equipment for the food industry or any other industry . . . or whether you're ordering processing equipment for your own textile, plastics, rubber, chemical, petroleum plant . . . we can do a lot to assure top operating efficiency with minimum chance for human error. And we can give you better nation-wide repair service.

When purchasing new equipment, be sure to specify "Taylor-equipped as usual." Or, to insure the top efficiency of existing equipment in your plant, consult your Taylor Field Engineer. Taylor Instrument Companies, Rochester, N. Y., and Toronto, Canada.

Instruments for indicating, recording and controlling temperature, pressure, humidity, flow and liquid level.

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— MEAN —

ACCURACY FIRST

IN HOME AND INDUSTRY

Another Famous City...



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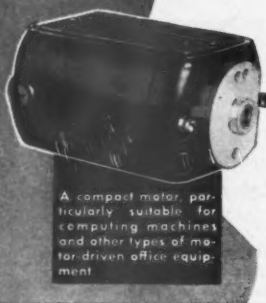
This time it's Oakland, California. Oakland officials subjected various makes of parking meters to exhaustive tests. After checking the results and studying performance records they selected MI-CO and placed an order for 2000 meters. ¶ The growing list of cities and towns installing MI-CO Parking Meters, and the performance records of meters in use for years, is proof of their dependability. They give many years of service at low upkeep costs. Literature and case histories will be sent on request.

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Division of The Michaels Art Bronze Co., Inc., Covington, Ky.

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Kent, Ohio

Lamb Electric

SPECIAL APPLICATION FRACTIONAL HORSEPOWER MOTORS

sharp corners and angles so that it will have no critical points at which to concentrate.

Thus, the ideal welded structure will look different from the riveted structure. It will have smooth curves rather than sharp corners.

• **Technique Hints**—Other interesting conclusions from research projects will aid industry include:

(1) Copper-bearing, low-alloy steels offer good possibilities for weight savings where high strength is required in a welded structure.

(2) Thin sections of low-alloy steels can be welded and heat-treated to obtain greater strength.

(3) New techniques, learned from armor-plate welding, can improve resistance and reduce weld porosity.

(4) Pressure gas-welding can be utilized for heavy-stress jobs.

• **Light Metals**—To industries interested in the potential use of magnesium aluminum for weight reduction with sacrifice of product strength, the Commerce Dept. report lists many projects. These cover forming and fabricating characteristics, information on typical test behavior with production results, data on magnesium corrosion and treatment, and the use of magnesium forgings.

Such information can help industry avoid design pitfalls. In one case a new aluminum alloy showed increased static strength, but fatigue resistance greater than old alloys. The aircraft designer using the alloy had to depend then, on a fatigue basis, with no significant gain over the old alloy. The parent virtues of "strong" alloys may prove to be an illusion.

Other significant and potential data are available on:

Shot-peening of steel parts: Fatigue failures often start with surface cracks. By bombarding the surface with a shot, thousands of little "hammers" give a forging treatment deep enough to retard the formation of fatigue cracks. This technique is finding uses in the automotive field.

High temperature service: Gas turbine, supercharger, rocket program required alloys with high heat resistance and high strength. A number have been developed. Tests are still being run, however.

Foundry materials and processes: A comprehensive study was made of leachable iron castings. Techniques of centrifugal casting were analyzed. Precision casting for small and intricate parts (the casting is made in wax, placed in a refractory investment, then melted out, and metal poured into the space) was the subject of several research projects.

Miscellaneous projects: These included development of inorganic protective coatings, study of silver plating

ods, surveys of the low-temperature properties of metals, and investigation of the behavior of metals under rapid of strain.

From Enemy—Not all the data in metal technology storehouse came from U. S. research.

Germany made use of chromium and manganese steels for heat-treated parts, its nickel supplies sparingly. German foundry practice with steel and aluminum alloys was excellent. Japan produced a strong aluminum-magnesium-zinc alloy.

The Commerce Dept. summary puts information on the desks of American industrialists.

AN ALLOCATION OFF

because its customers have scaled down their 1947 requirements for metal containers, American Can Co. will discontinue its allocation program (BW-11'47,p35) on July 1. The company will accept no new business, however, to present customers' needs have been met.

Obvious cause of the reduced demand for cans is the anticipated cut in this year's fruit and vegetable pack. With inventory stocks at a peak and costs mounting (BW-Apr.26'47,p19), canners are cutting down on their production plans.

A LITTLE FORESIGHT



To archery, one of the oldest of sports, something new has been added. It's Bradar Bow Sight, a collection of prismatic lenses and gears that calculates windage and elevation. A check mirror even figures the length of draw. With it, G. T. Bradley, the inventor, has stepped into the William Tell classification. He recently went to the top of Class A in a southern California archery tournament. But, exponents of the bow and arrow are asking, is it sporting? Undaunted, Bradley seeks a patent.

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Today, a complete line of SERVICE material handling equipment is available—ranging from single casters to lifters with capacities of tons—

rugged units designed to give years of dependable service. And today, demands for these better built products are the greatest in SERVICE history. To meet these ever increasing demands, SERVICE is steadily expanding its engineering and manufacturing facilities. To still further reduce handling costs . . . to make indoor miles still easier and safer . . . SERVICE is constantly creating new products and methods, improving on the old.

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Sweet MUSIC FOR INDUSTRY

PHONOGRAPH disc records are molded with chrome-plated dies. No matter how well virtuosos have been recorded, it takes a perfect mold to transfer this entertainment onto acetate discs.

Because of the shortage of shellac one large company resorted to the use of an asphaltic resin for processing the disc. In the use of this substitute, the die plates became coated with small amounts of the resin, which proved to be extremely difficult to remove.

Carbon tetrachloride had been used for loosening the encrustations on the die plates, and for removing minute stains from the chrome discs. This

treatment, while moderately effective, was expensive and slow, because of the high volatility of carbon tetrachloride.

Cities Service engineers recommended the use of Solvent 26. A chrome disc, in far worse condition than the average, was selected for test.

With little or no agitation Solvent 26 dissolved the crust and imbedded stains in the etched lines of the chrome. After wiping the surface dry with a clean woolen cloth the disc was restored to perfect condition!

Outstandingly successful, this new method, at no increase in cost, proved

to be faster and more effective, required less cleaning product for operation than ever before.

Solvent 26 is a patented metal cleaning fluid developed, produced and sold *exclusively* by Cities Service. It has a unique history for solving many of industry's most stubborn problems.

If your plant is situated in a Cities Service marketing territory east of the Rockies, we shall be glad to demonstrate the merits of Solvent 26 on your own equipment. Simply contact your nearest Cities Service office, or mail the coupon below. There is no cost or obligation for this service.

CITIES SERVICE OIL COMPANY
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Please contact me for a demonstration of Solvent 26.

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means
Great Service

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NEW PRODUCTS

Convertible Console

Electrical programing control in the Hallicrafters custombuilt radio turns a wire recorder on and any designated time. You set programer, go away, and your

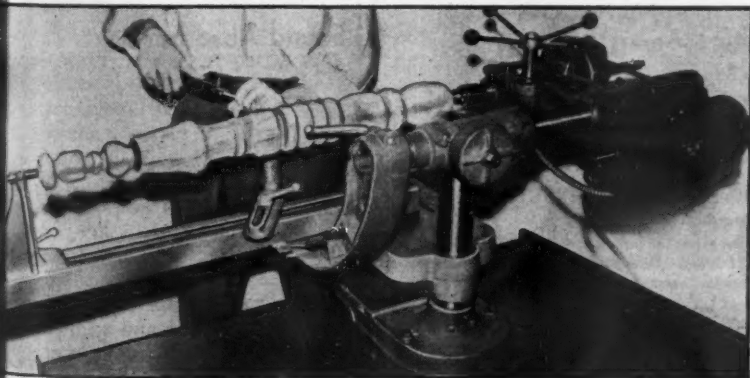


the radio program is recorded in absence. A recording microphone integral part of the unit, which is by Hallicrafters Co., 4401 W. Ave., Chicago 24.

unique selling attraction is the that the set can be purchased in ons: first the cabinet with a radio ver, then an automatic record er, next the recorder, or any com on of the components. The con also has ample space for installa of a radio transmitter.
Availability: deliveries in about two

Drill to Lathe

you have a bench- or floor-model press with a 2½-in. or 2½-in. eter column, you can also have od-turning lathe. Dril-Lathe, below, by Nobur Mfg. Co., 910 N. ge Drive, Los Angeles 38, is a ersion unit which may be installed permanent part of the drill press.



Once installed, the unit requires only a brief adjustment to change it from drill press to lathe or back. Savings, both of space and of the cost of a second electric motor, are among the advantages that are claimed for the attachment.

Dril-Lathe is made of cast iron with a welded steel bed. Work of any length up to 36 in. can be handled.

Availability: immediate delivery.

Slip-Stopper

Worn stairways and uneven floors present slipping and tripping hazards. Duracite Sales Co., 388 South St., Newark 5, N. J., is marketing a cement intended to remove these dangers.

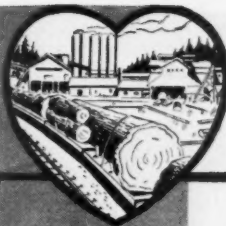
The cement, known as Duracite, comes in dry powder form. It is mixed with water and applied with a trowel. The company states that the cement will form a bond with such bases as slate, marble, wood, concrete, and others, even when applied lightly. The compound is recommended for leveling uneven or broken flooring surfaces and stair-treads. Wet or dry, the Duracite surface is non-slip, the company says.

Availability: immediate delivery.

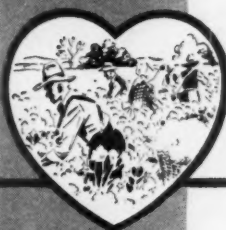
Brazing Paste

Economy and ease in brazing carbide tool tips to steel shanks are the claim for Nu-Braze silver alloy Diffusion Paste No. 50. Developed specifically for this purpose by Sherman & Co., 197 Canal St., New York 13, the paste consists of a new silver brazing alloy pulverized and ground with a special flux.

The tip is prepared in the usual way and the paste painted on the joint surfaces of the tip with a small brush. The tip is then held in position and heated. The flux begins to melt at 480 F and covers the tip and steel joint area with a liquid protective before the heat-generated oxides can form. The viscosity of the flux is so low "that the molten brazing alloy component gently



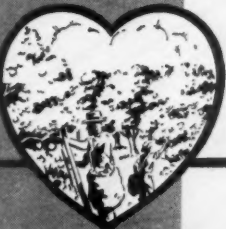
NORTH



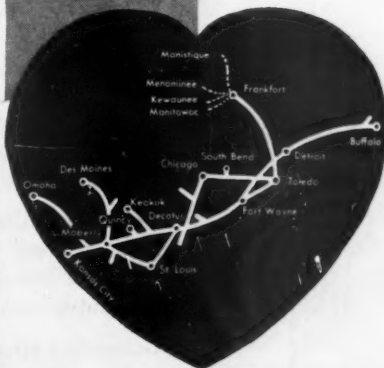
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eases all of it out of the joint." The paste is said to eliminate the need for cutting alloy foil or gaging the amount of flux.

Availability: immediate delivery.

Resetting Timers

American Time Corp., Springfield, Mass., has placed two new timers on the market. One is designed for photographic use, one for industrial use.

The Chronolux (picture) is intended to provide automatic control exposure interval. In use, an enlarger



or contact printer is plugged into timer, and the timer plugged into wall outlet. The timer is set once the desired exposure interval, reset automatically. A single control switch either to start the timer or to turn equipment on for focusing.

The Industrial Reset Timer is designed for use with photocopy machines, X-ray machines, therapy devices and for industrial operations such as brazing. It is intended to be permanently installed on a panel. Possible time cycles range from 15 sec. to 1 min.

Availability: immediate delivery.

Sound Absorber

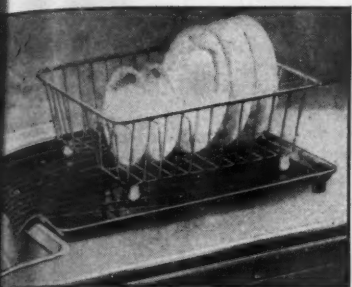
Low-cost suspended ceilings with good properties of sound absorption are the purpose of a new acoustical board just announced by Owens-Corning Fiberglas Corp., Toledo. The board is laid between continuous rows of recessed fluorescent lights.

Beveling and cross-grooving the board give it a tile-like appearance; it is painted white at the factory. The board is noncombustible and relatively moisture-resistant. Owens-Corning reports that the board will span 24 in. without

or cross-support. Weight is 12 oz. sq. ft.
Availability: immediate delivery.

Portable Drainboard

Some sinks are designed without drainboards. To end this inconvenience Associated Projects Co., 80 E. Long



Columbus 15, Ohio, has designed a portable Drain-a-Tray.

Part of one end of the tray curves upward, forming a draining lip. This gives a dual purpose: It holds the tray on flat surfaces; slopes it for draining when placed over the edge of the sink. The lower edge of the lip is shaped to form a handle for lifting and carrying the tray.

Availability: Deliveries begin June 15.

Jeep Truck Variations

The Jeep family is growing. Willys-overland Motors, Toledo 1, has introduced two new models: a panel delivery truck on a 104-in. wheelbase (picture), and a general-purpose truck on a 118-in. wheelbase.

The delivery truck consists of a steel-panel body mounted on the Jeep station wagon chassis. Two vertical rear doors equipped with an outside locking handle provide means for loading the truck. The inner door panels of the cab, and the body side panels are lined with pressed wood. The truck carries a 1050-lb. payload.

The general purpose truck carries a ton to one-ton payload. It is available in a chassis, chassis with cab, chassis with platform and stake rack, or in four other variations.

Availability: limited quantities in 60 to 90 days.



This Parker Tube Fitting makes Free Flow systems possible



It takes *tubing* to achieve Free Flow. Tubing can be bent . . . can be connected without creating pockets that cause turbulence. Fewer fittings are required—resulting in fewer chances of leaks.

With PARKER Tube Fittings there's no threading on the tubing. You can use light or heavy tubing. Connections are pressure-tight—protected against leakage, vibration and shock—the result of precision manufacture.

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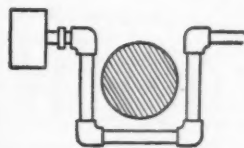
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MARKETING

Income Data: Planning Tool

New Census Bureau study of distribution of families by income levels will help businessmen answer such questions as: "Can people afford my product? Am I pricing myself out of the market?"

A standard question of the sales managers this year has been: "Are you pricing yourself out of the market?"

There wasn't any answer, because nobody knew just what his market was. But now the Bureau of the Census has come through with detailed statistics that give any sales analyst a pretty good idea of who can spend how much in postwar America.

The figures are breakdowns on family income for 1945. But they are really more timely than the date indicates, because what happened to the economy last year had very little effect on family income distribution. Thus market re-

search men can use the 1945 data if they were 1946 income figures, and they won't be far wrong.

• **Can They Afford It?**—Ever since the end of the war, company heads have been scanning engineers' estimates of new products. But different estimates of production volume yielded different cost structures which in turn demanded different prices if a profit was to be made. So one important question remained: How many people would buy a given price? Would the company be stuck with overproduction or would it find it wasn't making enough to take care of the market? In its simplest terms

Family Income in 1945

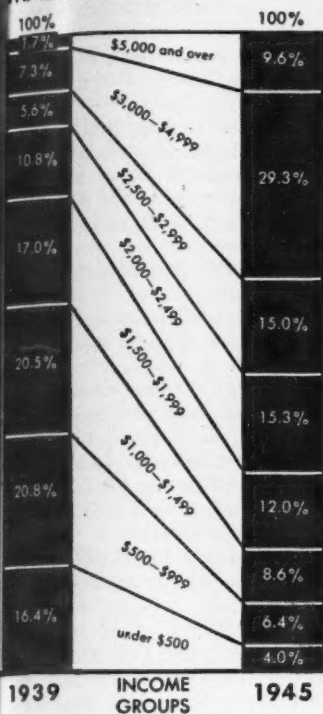
	Total Families 2 Or More Persons		Urban Families 2 Or More Persons		Rural—Nonfarm Families 2 Or More Persons		Rural—Farm Families 2 Or More Persons	
	All*	%	All*	%	All*	%	All*	%
Loss.....	0.3%	0.3%	0.1%	0.1%	%	0.1%	1.6%	1.5%
\$0 to \$499.....	9.7	5.5	6.6	2.2	9.4	4.7	21.6	17.9
\$500 to \$999.....	9.5	7.7	6.9	4.5	9.6	7.4	18.9	19.0
\$1,000 to \$1,499...	9.1	8.4	8.0	6.5	9.1	8.8	13.6	14.2
\$1,500 to \$1,999...	12.0	12.1	10.6	10.3	14.8	15.4	13.8	14.4
\$2,000 to \$2,499...	12.4	13.0	12.4	12.7	14.1	15.4	10.1	11.1
\$2,500 to \$2,999...	11.5	12.5	12.7	13.8	11.8	13.2	6.5	7.1
\$3,000 to \$3,499...	9.3	10.3	10.8	12.1	9.1	10.2	4.0	4.3
\$3,500 to \$3,999...	6.0	7.0	7.2	8.6	5.6	6.2	2.1	2.3
\$4,000 to \$4,499...	4.9	5.7	5.7	6.8	5.0	5.7	1.9	2.1
\$4,500 to \$4,999...	3.4	3.9	3.9	4.5	3.3	3.7	1.9	1.9
\$5,000 to \$5,999...	5.3	6.1	6.8	8.1	3.5	4.0	1.5	1.6
\$6,000 to \$9,999...	5.3	6.1	6.7	7.9	3.8	4.2	2.0	2.0
\$10,000 and over...	1.3	1.4	1.6	1.8	0.8	0.9	0.5	0.6
Median income for families reporting.	\$2,378	\$2,620	\$2,714	\$2,994	\$2,246	\$2,441	\$1,291	\$1,410

*Includes one-person families as well as all families of two or more persons.

Personal Income by Occupational Groups

	Proprietors & Managers	Professional & Semi-professional Workers	Clerical Workers	Laborers (Except Farm & Mine)	Sales Personnel	Farmers & Farm Managers	Farm Laborers & Foremen
	%	%	%	%	%	%	%
Loss.....	0.8%	0.1%	%	0.2%	0.2%	5.9%	%
\$1 to \$499.....	6.2	11.9	12.5	20.0	32.5	35.7	65.3
\$500 to \$999.....	10.5	9.9	14.5	16.7	19.6	18.3	19.6
\$1,000 to \$1,499...	7.0	9.8	19.2	17.2	14.2	11.1	8.1
\$1,500 to \$1,999...	8.4	12.8	21.5	19.3	7.4	9.0	5.5
\$2,000 to \$2,499...	11.8	13.4	14.0	14.7	8.4	8.2	1.3
\$2,500 to \$2,999...	8.9	8.2	9.1	7.0	5.2	4.4	0.1
\$3,000 to \$3,499...	11.1	10.3	4.6	3.0	4.6	1.8	...
\$3,500 to \$3,999...	10.1	5.1	2.1	1.1	1.8	0.9	...
\$4,000 to \$4,499...	5.5	2.2	1.1	0.6	1.8	1.5	...
\$4,500 to \$4,999...	2.9	4.5	0.6	...	0.6	1.0	...
\$5,000 to \$5,999...	6.4	3.0	0.5	0.1	2.8	0.8	...
\$6,000 to \$9,999...	6.7	4.3	0.2	...	0.9	1.2	...
\$10,000 and over...	3.9	4.6	0.1	0.2	...
Median earnings.....	\$2,805	\$2,203	\$1,589	\$1,381	\$941	\$728	\$387

WAGE EARNERS MADE MORE



Source of the Census.

© BUSINESS WEEK



WRITE YOUR OWN TICKET

IF YOU are looking for a site for a branch plant—or a location for a new business venture—write your own ticket—and let us see it.

You may be more interested in the natural resources of a new location—or it may be that you desire most of all stable and efficient local and state governments. Maybe it is climate offering year-round operation—or intelligent, native-born labor—or a plen-

tiful supply of good water... Maybe you want all of these advantages or others.

The area we serve in North and South Carolina offers numerous advantages—perhaps just what you want. So, write your own ticket—send it to Industrial Development Department, Carolina Power & Light Company, Raleigh, N. C. If we have what you want we'll tell you so. There is no obligation, of course.

Lower cost of production—greater profits for the owner—
more take-home pay for the worker—in the Carolinas.

CAROLINA POWER & LIGHT COMPANY

is question comes down to: How many people are making how much money?

Or suppose the company went at its problem the other way around. Suppose the officials decided that they were going to make a cabinet radio sell for \$200. They would still have to know about how many people could afford to buy it. Then they would be a lot closer to estimating how many they could sell, allowing for the strength of the competition. And then they would tell the production men how many costs had to be pruned if they were going to produce to sell at a profit. Some Answers Available—Of course, everyone knew that the war had given Americans more money than they ever had before; that practically everyone who wanted to work had a job; that the Bureau of Labor Statistics regularly published indexes on hourly wage rates and weekly wages; that the Dept. of Commerce put out monthly figures on total home payments.

But the important question still remained: How many families make over \$1,000 a year, and thus can afford to buy a radio at, say, \$200? Census now gives the answer: 40.5% of all families of four or more persons had such incomes (see page 94). Or maybe the product in the luxury class; it can't be expected to appeal to a family with less than \$1,000 a year. Census reveals that

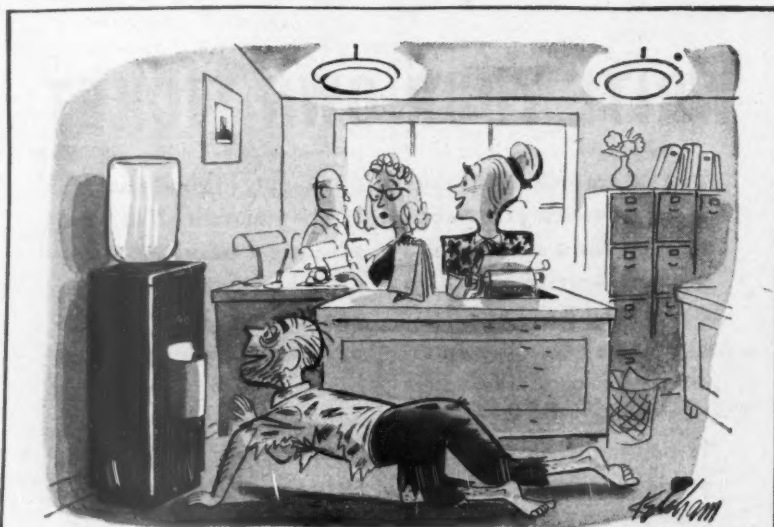


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GENERAL  ELECTRIC

Water Coolers

13.6% of all families with two or more persons were in that group.

• **Earlier Survey**—Some of this material has been available as a byproduct of a survey on liquid assets made by the Bureau of Agricultural Economics of the Federal Reserve Board (BW—Mar. 24'46, p19).

But the present work of Census goes beyond the earlier material. First, the breakdowns are more detailed and more extensive than those of the Reserve Board study. Second, Census used a sample about three times the size of the one on which the liquid-assets survey was based.

• **Farm Data**—Census documents the fact that income scales downward from city families to rural families, from non-farm families to farm families. This is shown most clearly by the median income level, the statistician's way of indicating the halfway mark of income distribution. For city families of two or more persons, it is \$2,620; for similar farm families \$1,410.

But sales executives will not go half-cocked with this information. Farm families get a good slice of additional income "in kind"—food and lodging particularly (page 15). Census did not measure that type of noncash income. Thus, much more of the money income of farm families is available for purchases of big durable-goods items (BW—Mar. 8'47, p70). This follows from the fact that much less has to be spent on rent and food, which bulk so large in city budgets.

In the Census breakdown of income by occupational groups, farm labor ranks low; but, again, it has income reflected in money wages. This is the first time a detailed occupational breakdown of this sort has ever been made. The data are for individuals, not families; management men lead the parade.

• **Effect of Wage Boosts**—Skeptics will believe that 1946 wage increases alter the income picture radically should a member the following facts:

The length of time strikers stayed out to win settlements put a serious crimp in their gains (BW—Mar. 23'46, p96).

The rise in hourly rates was in many cases more than compensated for by the disappearance of overtime.

With the return to peacetime production, there was considerable downgrading in the labor force; this downgrading does not show up in job rates but it does show up in final pay.

The withdrawal of many women from the labor force (BW—Jul. 6'46, p99) should also be remembered.

Finally, the rise in profits and dividends and in farm prices may have made some changes in the over-\$5,000 brackets, but not enough to matter to any extent.

• **Missing Link**—Unfortunately the Census data do not yield complete information

on the important changes in family income brought about by the war. This would be especially valuable to sales managers who wish to check the expansion possibilities of established lines. The 1940 nationwide census did obtain some income data for the year. But the limited questionnaire employed did not yield complete statistics. However, reliable data on income were obtained for all families that had more than \$50 of nonwage income. In effect, this limited the group to all wage earners.

The census segregated the corresponding figures in the 1945 figures. This enabled the government to show the great upward movement in income for all wage-earner families (see chart, page 95).

Landmark?—From now on, many business managers will keep these figures on their desks. And if the House Appropriations Committee's cuts in the 1946 budget are upheld by Congress, the data may take on a historical significance not originally intended. For they may be the last income statistics available to business until the 1950 census is tabulated.

MIRAL FOR LIQUOR

Wine and liquor promotion soon will have a salty flavor, lay it to Rear Adm. E. M. Whiting. Last week the Licensed Beverage Industries, national public relations organization, elected him president for a two-year term. A Navy man since 1908, he is retiring in June to take over his new



McCarthy (right) to Whiting

His predecessor, Thomas F. McCarthy, president of Austin, Nichols & Co., becomes L.B.I. board chairman. McCarthy's background for public relations work, Whiting can point to a success-



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Sixty-two new industries have located in Santa Clara County during the past 3½ years. And yet, industrial land is still available—strategically located on main rail and highway lines . . . with water, power and all other necessary facilities for profitable production.

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SANTA CLARA COUNTY

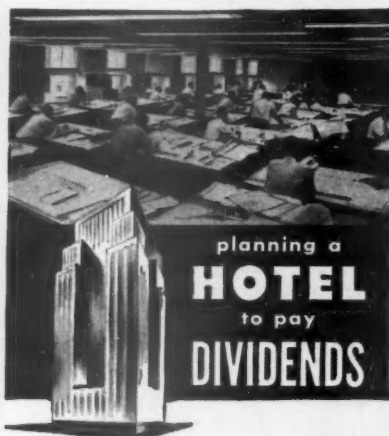
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ful promotional job with Uncle Sam. He was in charge of the Navy's New York recruiting bureau from 1936 to 1938. In 1940, as director of Navy recruiting, he instituted a paid advertising campaign in small-town newspapers

that won him praise in Navy circles. Elevated to rear admiral in 1941, World War II record—largely in the Pacific—earned him a Legion of Merit with three gold stars, and the Navy Star Medal.

THE MARKETING PATTERN

Newburyport to the Contrary

The publicity, charges, and countercharges evoked by the Newburyport plan (BW—May 3 '47, p17) have tended to fuzz up important details of the general price picture. Too many writers have rushed into print with a "significant parallel" between 1947's 10% price-cut venture and Wanamaker's dramatic 20% markdown in 1920 which started a cascade. Not enough attention has been placed upon basic factors in the price equation adversely affecting a uniform downward adjustment in all lines.

Fact of the matter is that, since government controls were eliminated last year, we have returned to a relatively free market. Generally speaking, prices are once more regulated by supply and demand, as used in the classical sense. That accounts for the mad rush upward in so many lines when controls were taken off. Prices that had been held in check by government fiat during the war leaped up under the pressure of the huge purchasing power in the hands of consumers.

This is the form of rationing that is peculiar to the free market system; the supply of money reacts on the supply of goods and services and so determines their selling prices. And prices will continue to reflect changes in the relationship between supply and demand, as they always have when not subject to artificial controls.

In recalling the Wanamaker story, it should also be recalled that the whole economic uptrend had changed direction by the time that store announced its dramatic markdowns. Prices were ready to tumble.

Wide Differences

The supply and demand situation now is such that it is safe to say that there are going to be downward price adjustments. But this time, changes in supply and demand relationships are strikingly different for different commodities.

Thus the Newburyport attempt to drive all present prices down by 10% is naive. It shows no recognition of

different supply-demand relationships in different commodities. Reports from automobile dealers have been conspicuously absent from the Newburyport dispatches. But it is safe to say that no car dealer in Newburyport had any reason to cut his prices by 10% or by anything. The effect of a price reduction in automobiles would be to raise the number of unfilled orders. Thus the auto dealers will maintain the present price structure for the time being, unaffected by the President's talk of concessions.

Appliances: Up and Down

Another noteworthy instance presented by General Electric. At the recent housewares show in Philadelphia prices of some of the relatively unknown electrical appliances were reduced. But G. E. not only did not cut prices; on the impetus of war increases written into the company union contracts, it announced that prices on its major appliances were going to be raised from 6% to 17%. And on the basis of the demand for its appliances, as against that for lines which announced cuts in Philadelphia, G. E. can raise prices with confidence that it will have no selling problem.

As a further illustration, retail prices of lumber in the New York area dropped by from 20% to 30% far in excess of the Newburyport proposals. Why? With the physical volume of construction failing to come up to expectations, building materials are in oversupply. Hence the drastic slash made in lumber and to come in some of the other building materials.

The mechanism that will govern price movements in various commodities is well-defined. But details vary from commodity to commodity because of wide differences in the supply-demand situations. Business men cannot afford to forget these differences. Nor will they be rushed into price reductions as long as the equation for the particular commodity they are selling continues to be favorable.

Trademark Fight

Though Lanham act, passed year, has not yet been put effect, the battle to change already under way.

The Patent Office is getting set to put new Lanham trademark law into effect July 5 (BW-Jul.20'46,p80). Several groups of trademark lawyers are already planning to get Congress to amend it. Immediate problem is to find a senator who is willing to take the ball against almost certain opposition from the Dept. of Justice and Federal Trade Commission. Trademark attorneys are sold on the new features of the new act. But they would like to get rid of New Deal amendments exacted last year by Sen. Pepper's Patents Committee as a price for passage. Lawyers who were on the final bargaining over a bill which had been pending for ten years wish they had waited for the present Congress to give them a law more to their liking.

Debatable Paragraph—Dragon fly in the trademark law is Section 33, Paragraph 7. It declares that the trademark shall be regarded as conclusive evidence of the registrant's exclusive right to the trademark unless "the mark has been or is being used to violate the antitrust laws of the United States."

The lawyers say this will prove an invitation to infringe marks of companies which have been involved in antitrust litigation. They add that it makes every infringer an antitrust policeman, gives him a royalty-free license, and generally balls up the whole process of defending private property in trademarks. The amendment proposal, which would strike out the clauses Pepper's committee inserted, is supported by the U. S. Trademark Assn. and the Patent section of the American Bar Assn.

Bill Pending—Already pending in the House is a bill introduced by Rep. Ed Henry—H.R. 2988—which would also change the Lanham act in several respects. One major change is the requirement that holders of trademarks periodically renew their claim or else forfeit it; the terms of the Lanham act do not call for any such renewal.

Former Rep. Fritz G. Lanham, author of the original bill, is known to be in favor of amendments to the law. Lanham is now representing National Patent Council, Inc., and American Fair Trade Council, Inc.

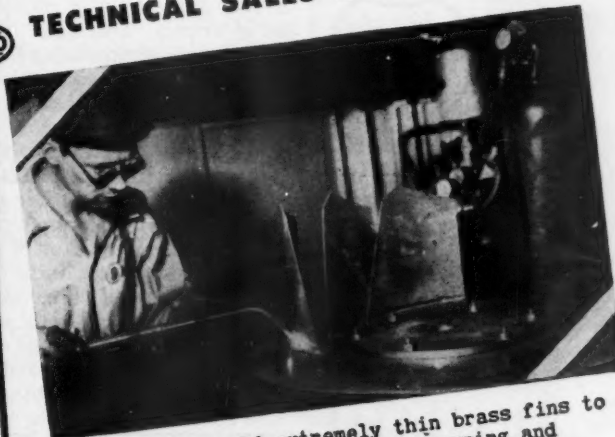
Tentative Regulations—Meanwhile the patent office has finished a tentative draft of new procedural regulations handling trademark applications, etc.,

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A. P. Demmer

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under the Lanham act. Copies of these rulings are now available from the patent office. Hearings, during which industry representatives will be given a chance to present their position, will begin May 23.

Diversification Note:

Carpets to Hunting Gear

Using war experience as a springboard, C. H. Masland & Sons has taken a long jump in diversification: The firm has added sportsmen's clothing to its line of carpets. This break with tradition by one of Pennsylvania's oldest carpet manufacturers was engineered by Frank E. Masland, Jr., head of the company. The fact that he is a confirmed hunter and fisherman led to sportswear designs with special conveniences.

Part of Masland's Carlisle plant was used during the war to produce military foul-weather gear—waterproof jackets.

● **Transition**—The end of the war found Masland with specialized equipment, skilled operators, four years' experience in garment making. Demand for proper clothing by fishermen and hunters argued for continuance of the activity.

The sports line includes jackets, trousers for both men and women, fishermen the jacket has a built-in (a rubber-lined pocket); a ring for landing net and holder for the butt of the fishing rod leave the wearer's hands free. The hunting jacket features blow-proof game pockets.

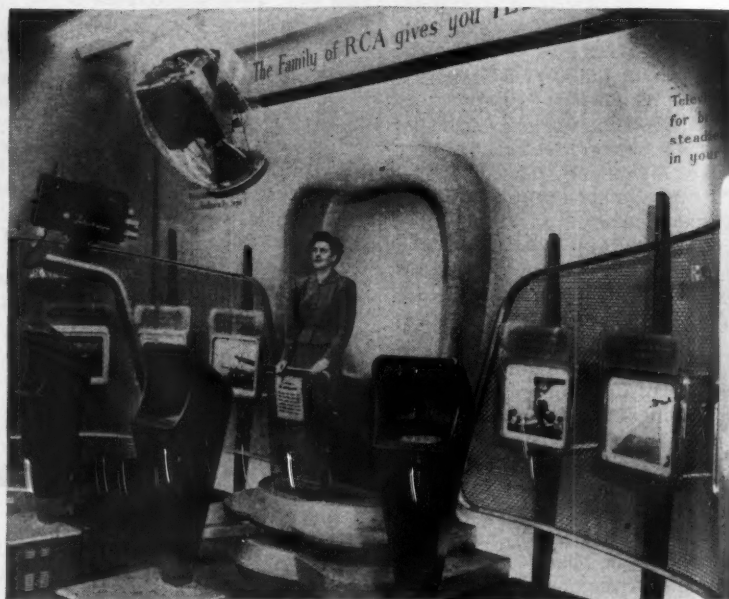
Masland's cloth is similar to that used in its wartime production. When gets wet the yarn swells, making a barrier against water and wind. The swell traps tiny air bubbles in the fabric, so fore water can displace the air pocket it must soak the fibers. This is prevented by the du Pont chemical process of Zelan waterproofing. The result is something like the principle which enables a duck's back to shed water.

According to Masland, water vapor from body perspiration passes through the cloth.

● **Distribution**—The company's salesmen are handling the garments. Distributors are sporting goods, clothing, and department stores.

The sportswear line does not conflict with the production of Masland's carpets and carpets. These are woven in a separate plant under the supervision of Wallace Bracken, formerly a buyer with Saks Fifth Avenue, New York.

For Prestige—And Increased Sales



Another indication of the rising heat of competition in the radio and television industries was the opening this week of RCA's new exhibition hall. Feature exhibit of the showroom in Manhattan's Rockefeller Center is the "see yourself" television display (above). A set hung from the ceiling provides a mirror for the sub-

ject; the image is also projected on four screens before the stage. There are displays of home, marine, industrial, and laboratory equipment. In the phonograph record section requests spoken into a microphone are fulfilled automatically. There's also a studio seating 84, an "executive lounge" complete to bar and pantry.

INTERNATIONAL OUTLOOK

BUSINESS WEEK

JULY 17, 1947

SERVICE

The Administration has taken another look at the world and decided that the U. S. may have to boost its international financial aid from \$5 billion to \$8 billion a year.

Tip-off on the shift came last week in the speech of retiring Under Secretary of State Dean Acheson at Cleveland, Miss.

Executives noted four key points:

(1) Economic reconstruction is a bigger task than the Administration originally bargained for. The International Bank and Monetary Fund, UNRRA, British and French loans cannot solve the problem without further emergency aid from the U. S.

(2) Exports of U. S. goods and services are likely to reach \$16 billion in 1947. Foreseeable foreign requirements will hold at this level for several years. Since the U. S. is unlikely to take more than \$8 billion in goods and services from abroad, there is an \$8 billion gap to fill.

(3) World demand actually exceeds America's capacity to supply. Emergency assistance will go, therefore, only to the countries where it will most effectively build political and economic stability.

(4) Reconstruction must be pushed more boldly in Germany and Japan, "the workshops of Europe and Asia."

Job immediately ahead for Truman and Marshall is to sell this policy to an economy-minded Congress.

Danger is that congressional approval, if given, will come too late. Dollar-short European countries have privately warned bankers that they may have to impose more stringent trade and currency restrictions this summer.

The \$250,000,000 loan granted to France by the International Bank is only a stopgap. You can expect another loan of the same size by fall.

More still will be needed to breathe life into the Monnet Plan for industrial modernization. Too much of the original U. S. government loans to France has gone for coal and food, too little for machinery.

For its part, France (and other European countries) may have to accept, as Britain has, the necessity of curbing consumer goods demands until the reconstruction job is done.

Next on the list for an International Bank loan is Denmark. The Danish application is for \$50,000,000 to finance imports of capital equipment for agricultural and industrial development.

Turkey will follow with an appeal for \$100,000,000.

Czechoslovakia has asked for \$350,000,000, and Poland for \$600,000,000. Neither is likely to get anything close to these sums.

London will be forced to ask for further assistance, possibly soon.

Britain's Conservative Party brought the issue into the limelight last week by making a bid for further U. S. help as part of its platform. Washington's top economic advisers have long known that \$3,750,000,000 would not see Britain through.

Meanwhile, London has been preparing for the July 15 deadline. By the terms of the U. S. loan agreement, the British on that date must make sterling convertible for current trade with the rest of the world.

Agreements making the pound convertible, and increasing its use as

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

MAY 17, 1947

an international currency, have been reached with Canada, Argentina, Italy, Sweden, Norway and the Dutch, Belgian, and Portuguese monetary areas.

Though world trade outside the sterling area is largely being transacted in dollars, the British pound already shows signs of getting back in the running.

Egypt has just contracted with Chile for nitrates worth \$10,000,000, to be paid in pounds.

And to reduce its debt load, London has warned its sterling creditors, notably India and Egypt, that they will have to accept drastic write-downs on war debts or face a complete freeze of their accumulated balances.

At the same time, Britain is desperately trying to reduce its dependence on dollar imports by finding sources of supply outside the Western Hemisphere.

A British trade mission just returned from Moscow reports preliminary Anglo-Russian agreement on boosting trade above prewar levels. Russian cotton is reaching Britain in large volume—20,000 bales the first week of April compared with 525 from the U. S.

Under a trade and financial agreement signed last week with Poland, Britain hopes to get, in addition to coal, \$92,000,000 of foodstuffs, textiles, and furniture in the next three years, in return for \$140,000,000 of wool, rubber, tin, and capital equipment.

London is also looking to Yugoslavia, Bulgaria, and Hungary for additional imports, including food and tobacco.

Eastern Europe, refusing to be dependent either on Russia or on the western world, is mending its own trade fences. Polish negotiators are now in Prague working on a five-year agreement to integrate industrial development in Poland and Czechoslovakia.

This arrangement is designed to be the keystone of a system revolving around Czechoslovakia, under which 40% of Czech imports and exports will be planned for one of five years ahead.

Prague would then be linked by long-term trade agreements with Poland (five years), Yugoslavia (five years), and Bulgaria (four years).

Hungary is also expected to fall in line when political differences are settled. A three-year industrialization plan, to be launched by Budapest Aug. 1, will make it necessary to plan imports and exports.

Private trade with Japan will soon open up to Americans. A group of U. S. government officials left last week for Tokyo to prepare the ground.

Later this month a group of selected representatives from companies with investments in Japan will follow.

Original date for the admission of traders was July 15. This may have to be postponed, but not for long.

The U. S.-British clash over administration of the combined zones in Germany is now being settled by the White House and Downing Street.

This clash of views has delayed, but not prevented, development of the export program for German industry (page 101).

Executives planning to do business with Germany should watch for the "Export Buyers Guide to Germany," to be released by the Commerce Dept.

BUSINESS ABROAD

German Exports Start to Roll

Although shipments from U. S.-British zone have been slow so far, goal of \$350 million for 1947 may be attained. Headaches now are getting needed imports, allocating scarce raw materials.

MINDEN—The big push for German export trade is gaining momentum in the combined U. S.-British zones.

At the start of the year, when the two western zones were unified economically, a three-year export plan was drafted (BW—Jan. 11 '47, p97).

The Plan—This called for the U. S. and Britain to share a bill of nearly \$3 billion to restart the German economy. But \$1 billion would be recovered in exports by 1950, when the balance would be tipped in Germany's favor. Then occupation subsidies could be discontinued.

No one expected miracles. And none occurred during the first quarter of this year. Export business has been slow, and specific industry-by-industry export plans have been hard to develop.

Current food shortages threaten industrial production. But rising hydroelectric power output has permitted ending of restrictions on industrial use of power.

Goal in Sight—Nevertheless, the first quarter export target of \$350 million may be hit. Sales of coal, lumber, and textiles alone may account for 70% of that sum. A long list of miscellaneous contracts bring planned exports close to the goal. Now the job is to get out the goods.

Because some critical export industries rely on imported materials, juggling

German imports has been a headache. In principle, the industries that can get the most export dollars out of the fewest import dollars are favored. Every import of essentials is weighed against its productiveness of exports. The import program is divided into two categories. Category A imports are food and other goods to prevent "disease and unrest"; Category B imports are those essential to industrial production for home consumption and export.

• **Three Export Groups**—The various export programs can be roughly classified in three groups: (1) exports of raw materials and goods wholly produced in Germany; (2) exports for which varying quantities of imported or scarce materials are required; and (3) exports of processed imports.

In the first category, prior commitments for raw-materials exports go a long way to meeting the 1947 export target. Coal exports are estimated to yield \$120 million. Lumber exports will add \$50 million. Sales of potash, salt, and hops will bring \$5 million to \$6 million.

• **Problems**—The second export grouping has wide variations and many problems.

A former I. G. Farben affiliate near Frankfurt-on-Main, the Casella Farbenwerk, is slated to produce dyestuffs and related materials valued at \$1,966,000

Trading With Germany

From Minden, in the U. S.-British combined zones of Germany, Business Week's correspondent sends this thumbnail guide for would-be traders:

- Write or cable former German contacts. Evidence of potential business transactions is needed to get an entry permit. Apply to Military Permit Secretary, Joint Chiefs of Staff, War Dept., Washington, or U. S. Embassy, Paris.

- Contracts may be directly negotiated with German manufacturers. These must be approved by the German foreign trade office and the Joint Export Import Agency (JEIA) with offices in Munich, Stuttgart, Wiesbaden, Dusseldorf, Hannover, and Bremen. Offices will soon open in Kiel and Hamburg.

- Prices in dollars are set by manufacturers on a standard scale conforming to world prices. Bargaining below this price must be approved by the JEIA.

- Delivery can only be made to shipside, airport, or border. Buyers must arrange shipments from there.

- After making a contract the buyer must set up a letter of credit payable to the JEIA account on presentation of proper shipping documents. Cash accounts for financing the export-import program have been opened by the U. S.-British zones with the Federal Reserve Bank of New York and the Bank of England.

from \$288,000 worth of Category B imports. However, this type of production, along with pharmaceuticals for export, is complicated by trademark problems.

Many I. G. Farben trademarks are now being used by licensees of allied governments to whom distribution of stocks was made after the war. German competition would be resented. Yet the Joint Export Import Agency in the U. S.-British zones recognizes that branded exports would be more profitable than sale of unpackaged bulk products.

- **Cameras**—High hopes are held for the camera trade, with a \$30-million annual volume the ultimate target. Only small amounts of imported materials are needed.

The ceramics program is well advanced, and a \$1-million import of Czech brown coal and clay is expected to mushroom into \$10 million of exports. A six-months program for the crystal glass industry calls for imports



German export trade: toys now, machinery later.



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Rank Marches on as U. S. Citadels Yield

About three years ago, J. Arthur Rank began putting the heat on a reluctant U. S. motion picture industry for more show space for his British cinema productions (BW—Feb. 19 '44, p. 76).

This week, while in the U. S. on a flying visit, he could read clear signs that he was winning his battle. He could point with pride to a big newspaper spread listing ten Rank hits in New York—chiefly in RKO and Loew's big chain theaters. And now, for the first time, he is breaking into outside Radio City Music Hall—with a version of Dicken's "Great Expectations."

Two other announcements added to the stir. Universal Pictures, Inc., in which Rank has an interest, announced plans for a chain of 50 theaters of its own to show British pictures. In addition, American and British producers formed a Joint Standing Advisory Committee to promote interchange of talent and facilities.

Rank's activities as a major dollar earner are of prime concern to dollar-starved Britain. One optimistic guess is that his take in this country this year may be \$10 million—to counter-

balance Britain's spending on United States films, which hit \$72 million last year.

While in New York, Rank got incidental kudos in the form of an award (picture) from World's Sunday School Assn.'s Dr. Forrest L. Knapp for Rank's work in promoting religious films.



Dr. F. L. Knapp (left), J. A. Rank. Other efforts were rewarded too.

of \$85,000 to produce goods valued at \$2,628,000. The silverware industry is well under way on the basis of a recent large import.

• **Steel Products**—Slowly rising steel production should permit the light-machinery industry to contribute to export income in the first year. Products may include small printing presses, food-processing equipment, paper-making machinery, light industrial electrical equipment, precision instruments, surgical supplies, optical goods, sewing machines, and typewriters.

But the steel picture is not all simple and clearcut. There's no chance of getting new heavy-machinery production going this year. Even the job of finishing equipment poses tough decisions. In some cases a little coal to fire the furnaces will do the trick. In others, a big steel allocation is essential.

• **Example**—An outstanding case is Demag, big manufacturer in Duisburg, which was building nine rolling mills when the war ended. These were in various stages of completion, ranging up to 90%.

Ten thousand tons of steel are needed to complete heavy machinery which has already used 65,000 tons. The completed 75,000 tons would have a sale value of \$62,300,000. But steel is short.

Obviously, an allocation will be made to liquidate investment that has already been made.

• **Processing**—In the third category, exports are made possible by processing imported materials. Between 30% and 50% of production is retained to process for processing. The remainder is sent abroad; goal is to obtain prices which will pay for materials and net a profit of 20%. This profit lightens the burden of occupation. A series of processing arrangements has been made. These include cotton, wool, leather, and dextrose.

• **Textiles**—The self-liquidating import of 50,000 tons of cotton from the United States Commercial Company Reconstruction Finance Corp. subsidiary) started the ball rolling. Processing will be completed by the end of the year. Turkey has bought 25 million yds. of Afghan cotton, and the British Congo 4 million yds. Sales will add a 20% profit to the zonal export agency.

Imports of an additional 40,000 tons of U. S. cotton and 18,000 tons of Egyptian long-staple, high-tenacity cotton are planned.

Britain is sending wool to Germany for processing. Argentina is providing 1,000 tons of leather. Canada is sending sugar dextrose for Vitamin C production.

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tion has been imported from the U. S.

Not all of these contracts are at the governmental level. Private U. S. and British firms are supplying raw materials for German manufacture, or are sending goods for dyeing or finishing.

• **Hannover Fair**—A milestone in efforts to boost the export business will be the trade fair scheduled to start Aug. 18 in Hannover. Some 2,000 exhibitors are expected, and priority will be given to export orders. Accommodations will be provided for 1,000 foreign buyers. Assuming each stays about a week, 4,000 visitors can be taken care of in the month the fair runs.

Bulgarian Trade

Russia has taken Germany's prewar place as chief supplier. But position of western countries, including U. S., has improved.

During the last fortnight, Bulgaria has revealed more about its foreign trade than has been known since the war's end.

• **Bilateral Pacts**—It has been common knowledge that Bulgaria, like many other strapped European nations, has resorted to barter and clearing agreements with its neighbors because it lacks foreign exchange.

Trade pacts have been signed with the Soviet Union, Poland, Romania, Switzerland, Yugoslavia, Czechoslovakia, and Holland. Agreements with Denmark, Sweden, Finland, Austria, Hungary, and Italy are pending.

Within the last few weeks the Dutch agreement was negotiated and those with Czechoslovakia and Yugoslavia extended and amplified.

• **Three Times Prewar**—The preliminary Dutch agreement calls for an exchange of goods valued at \$4,530,000—more than triple the value of prewar trade with this western European nation. Bulgaria will export farm products and timber in exchange for industrial goods.

The pact with Yugoslavia provides for an exchange of goods valued at over \$7 million. Before the war, trade between these countries was so insignificant that it is not even reported in standard trade summaries.

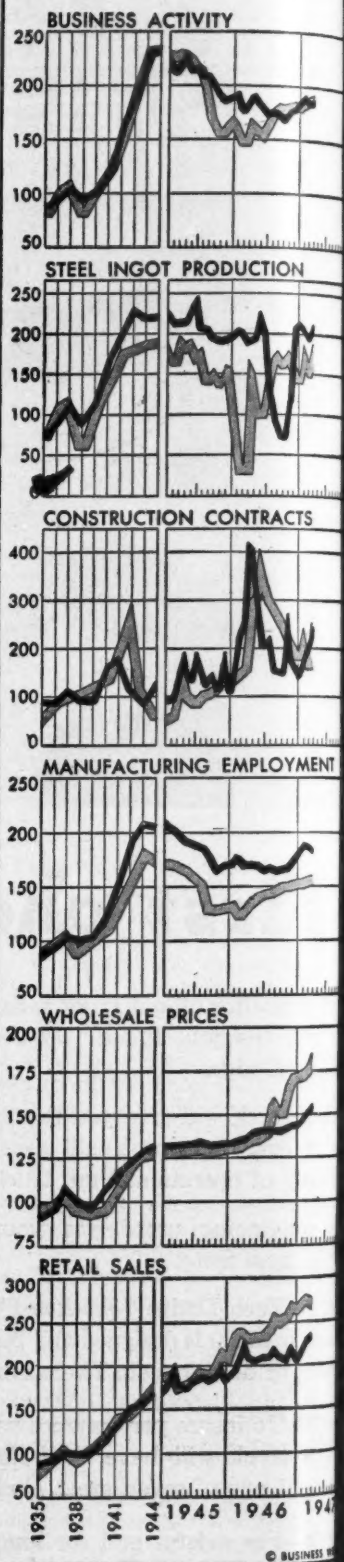
• **Czech Agreement**—The pact with Czechoslovakia is of special significance. Covering progressively expanding trade over a four-year period, the agreement calls for a total exchange of goods valued at \$70 million. In 1949 this balanced trade is to reach a peak figure of \$27,356,000 in each direction—a figure equivalent to about half the average total value of Bulgaria's prewar export trade.

Before the war, trade between Czecho-

TREND OF BUSINESS CANADA AND U.S.A.

1935-39=100

CANADA — U.S.A.



...ia and Bulgaria ranged between \$1 million and \$4 million a year. Czechoslovakia undertakes to supply Bulgaria with electric power plants, transformers, construction equipment, materials, lathes, autos and trucks, tractors, locomotives, and mining equipment. This will include annual shipments of 100 or more buses, 200 trucks and 47 and 300 in the following years. Czech National Bank will also finance industrial expansion in Bulgaria. **Soviet Position**—Before the war Germany accounted for more than half of Bulgaria's imports and exports. This role has been usurped by the Soviet Union. Last year's Soviet-Bulgarian trade pact called for an exchange of goods valued at \$75 million. In January and February of this year, the U.S.R. supplied about 70% of Bulgaria's imports, took over 30% of its exports. Czechoslovakia is now taking over this year the western states have moved their position in the Bulgarian market. Compared with prewar trade, the U.S. of Belgium, France, the United Kingdom and Britain have more than doubled in the first two months of 1947. The United States is taking 6% of Bulgarian exports and supplying 5% of its imports.

CANADA IN LATIN AMERICA

OTTAWA—During the war Canadian trade with Latin America soared. This year the upward trend continued. Canadian exports to Latin America in 1946 were valued at \$94 million, according to statistics now available. This was a rise of 60% from the 1945 figure of \$58,500,000. It was nearly three times the average of 1935-39 exports. Canadian imports from Latin America were valued at \$125,600,000 in 1946. This was 45% above 1945 and nearly three times the 1935-39 average.

The United States has strengthened its trade position in Latin America. The United States has signed most-favored-nation trade treaties with most of the Latin American republics, increased its diplomatic representation throughout the hemisphere. Embassies have been established where none existed before; and commissioners of the Dept. of Commerce are now stationed in Buenos Aires, Rio de Janeiro, Santiago, Bogota, Havana, Guatemala City, Lima, and Caracas. Commissioners are also at work in the British possessions, with offices in Jamaica and Trinidad.

A series of 29 window displays have been exhibited in Brazil to acquaint Brazilians with Canadian products and industries. Similar displays are planned for other Latin American countries.

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THE MARKETS

(FINANCE SECTION—PAGE 1)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	137.8	142.9	137.3	179.9
Railroad	38.2	40.5	39.9	62.9
Utility	72.7	74.6	72.5	93.2
Bonds				
Industrial	123.3	123.4	123.4	123.8
Railroad	110.0	112.0	113.2	118.6
Utility	113.2	112.8	112.3	115.9

Data: Standard & Poor's Corp.

Prices Fade as Trading Rises

Earlier indications that the late-April, early-May stock market "rally" was a professional affair—destined to fade out quickly unless the general public joined in wholeheartedly—have since been proved true.

Once it was evident that few investors had been lured in by the sight of up-trending prices, the party ended abruptly. Most of the gains previously chalked up were erased last week by profit-taking of the original participants.

• **Melting Front**—There was one facet of the up-down move, however, which didn't escape the attention of the general public. To many of these the way prices melted last week under the impact of moderate profit-taking was a discouraging sign. During the week end that factor apparently caused considerable doubt over the basic strength of the market's price structure.

As a result, the public early this week tested the market more and more. This testing, strangely enough, was

mainly confined to the final hour of New York Stock Exchange trading. On Monday, 40% of the day's 700 share turnover was transacted in period. On Tuesday, trading was more concentrated: 540,000 shares of the day's 1,210,000-share volume changed hands after 2 o'clock.

• **Punctured**—Obviously, these above concentrations of selling orders opened many air holes.

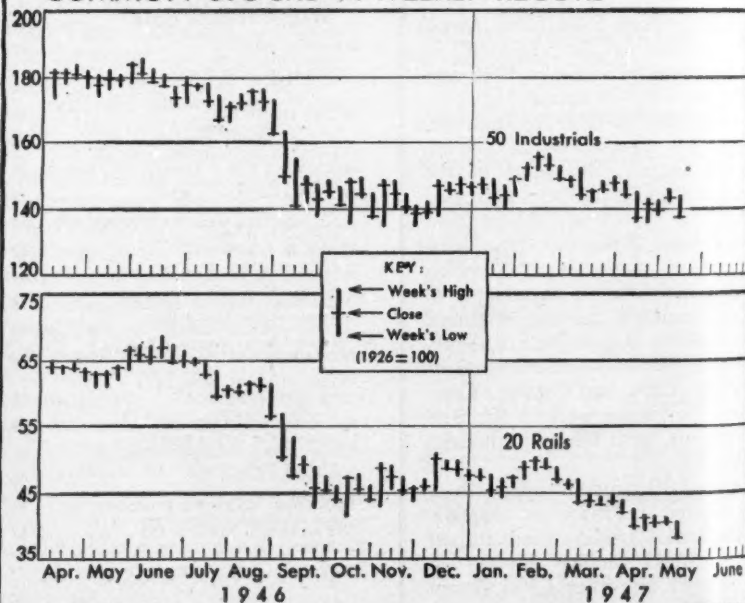
On Monday, for example, sharp price declines were widely scattered throughout stock list. Only 158 of the 907 issues changed hands that day could boast plus signs when the day was over. 15% of the total traded were actually driven down to new 1947 lows.

Tuesday's Big Board trading results were even more discouraging. Only 107 of the 1,029 traded issues managed to score advances; and 35% even registered new lows for the year.

On Wednesday, the downtrend continued, but at a somewhat more spacious pace. There were many large losses registered that day, however. And as the steadied trading volume showed a tendency to contract sharply. When trading ended, Dow-Jones rail stock index was down to a new three-year low, below its 1946 bottom; and the industrial index all but back to the low it registered in the mid-April slump.

• **Factors**—Contributing to this display of investor unrest over the nearness outlook have been increasing spots of spottiness in the over-all picture.

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

© BUSINESS WEEK

otton—At Home and Abroad

World surpluses have been reduced since the end of the war—but the cut has been almost entirely in U.S.-grown fiber. Thus the U.S. approaches the end of the cotton year

next July 31 with little cotton on hand; foreign countries, however, may have as much as 14,000,000 bales in spite of a comeback in consumption (figures in thousands of bales):

UNITED STATES

Years Ending July 31	Supply			Disappearance		
	Old-Crop Carryin	New Crop	Total	Use	Net Exports*	Carryout
1939	11,446	11,623	23,069	6,736	3,327	12,956
1940	12,956	11,481	24,437	7,655	6,193	10,469
1941	10,469	12,298	22,767	9,576	1,112	12,026
1942	12,026	10,495	22,521	10,974	1,125	10,505
1943	10,505	12,438	22,943	10,930	1,480	10,569
1944	10,569	11,129	21,698	9,829	1,138	10,626
1945	10,626	11,839	22,465	9,448	2,004	11,000
1946	11,000	8,800	19,800	9,200	3,100	7,500
1947	7,500	8,500	16,000	10,000	3,000	3,000

*Exports and net exports (exports less imports) usually are very nearly the same figure. However, imports this season will amount to about 250,000 bales due to the growing scarcity of desirable grades in U. S. stocks.

WORLD (including U. S.)

Years Ending July 31	Supply			Disappearance	
	Old-Crop Carryin	New Crop	Total	Use	Carryout
1939	22,702	27,509	50,211	28,507	21,638
1940	21,638	27,326	48,964	28,496	20,262
1941	20,262	28,661	48,923	26,542	22,098
1942	22,098	25,402	47,500	25,456	21,894
1943	21,894	25,349	47,243	24,205	22,798
1944	22,798	23,685	46,483	22,496	23,869
1945	23,869	22,396	46,265	21,030	25,100
1946	25,100	19,200	44,300	23,200	21,000
1947	21,000	21,000	42,000	25-26,000	16-17,000

for example, in building activity it gone unnoticed. Neither have many warnings delivered at recent stockholder meetings that too high operating costs can be overcome only by close-to-capacity production levels.

on's Confused Picture

otton markets have been caught in strong cross currents in the last days.

First, the government bought 65,000 of American cotton for UNRRA of short domestic supplies; then it the export subsidy to 4¢ a lb. from Earlier this year, this export bounty reduced from 4¢ to 2¢.)

to complicate matters, domestic are reluctant to buy cotton now use of (1) declining operations and the high price.

Added Strength—The government ng for UNRRA, small as the total added strength to an already-strong et. Prices got up close to 37¢ a ate last week—in contrast with the last year that carried down approximately from 39¢ to 30¢ (BW—Oct.26 22).

his week, however, the market t quite so sturdy. It is quite true this country approaches the end

of the cotton season next July 31 with the prospect of the smallest carryover since the twenties. And that carryover will have been pawed over time and again for desirable grades. Most of the best long-staple fiber has been used up long since.

• **Crop Prospects**—But the tight spot situation is ameliorated to some extent by lower mill buying. And the prospects for the new crop year are best told by the market for contracts calling for future delivery.

The May future (which expired on Thursday of this week) hit 36.80¢ a lb. on May 9; the same day, the December future could have been bought at 28.59¢ a lb. Thus the spread between May (old crop) and December (new crop) was very nearly 8½¢ a lb., widest since 1920.

• **Down?**—The market thus is betting that prices will go down sharply once the new cotton begins to move freely. That's counting on a big improvement in the 1947 crop.

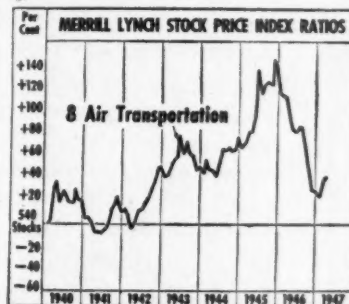
Trade estimates now put the cotton acreage for this year at about 21 million. Those acres, with the best of luck, would yield more than 10 million bales. With an old-crop carryover of 3-million bales on Aug. 1, that would mean total supply of 13,000,000 bales for the 1947-48 consuming season.

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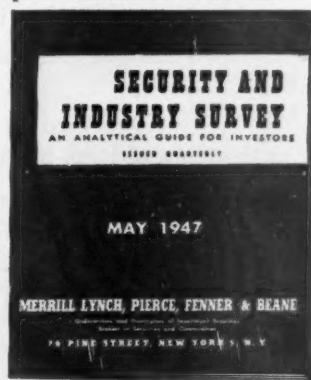
King-Pin Study

"Business?" remarks playwright Dumas the Younger, "It's quite simple. It's other people's money." Ever aware that its business is directly concerned with other people's funds, the investment firm of Merrill Lynch, Pierce, Fenner & Beane gives investors facts on which to base investment decisions. Example: its king-pin "Security and Industry Survey" which analyzes 74 industry groups, provides facts on over 300 individual securities.



The picture at a glance

Added: Something New. M L's Research Department introduces in the May issue of the Survey the firm's Stock Price Index Ratios, charts that show instantly how farm machinery or autos or any other group compares with the market as a whole, represented by a composite index of 540 stocks.



First Things First. Helpful as are the new charts in flashlighting market performance, they are most valuable to investors only when read against the data provided by the S & I Survey.

The new edition also contains a list of Selected Issues for various investment objectives, a section on Off Board stocks, and comment on the bond market.

• As always, the Security and Industry Survey* is available for the asking. As always, too, investors will find it a valuable reference work for months.

*Address request for your copy of the Annual Security and Industry Survey to: Department S-9, Merrill Lynch, Pierce, Fenner & Beane, 70 Pine Street, New York 5, N. Y.

THE TREND

NEW ELEMENTS OF ECONOMIC STRENGTH

If the U.S.A. starts to slide downhill economically, what is there to stop it until we are back to the unemployment of the early thirties and the apple-selling stands have been rolled out again?

The answer is that there are now, as never before, many extremely formidable checks upon any such decline.

• It is an answer which should be better stressed as a guide to well-informed business decisions. It should also be stressed as an offset to a propaganda line, now being vigorously pressed both here and abroad. This line is that we are reeling along the edge of the economic equivalent of the Grand Canyon and are more than likely to plunge to the bottom at any moment.

Here, in tabloid form, are a few of the novel economic guard-rails which, along with the tremendous backlogs of demand in many industries, stand in the way of any such plunge:

• A price structure buttressed against collapse by government-guaranteed support of farm prices and wage-contract support of industrial prices.

• A fabulously liquid commercial banking system which has not had a single bank failure in the last two years.

• A far bigger federal budget, both relatively and absolutely, than ever before in our peacetime history.

• A schedule of federal income tax rates which lowers income taxes rapidly as individual incomes decline.

• A substantial system of unemployment benefit payments.

• Over \$10 billion poised abroad for expenditure in the U.S.A. as the result of loans made or pledged.

• Each of these barriers to a 1930-type economic plunge has its rough side. For example, while a fine thing in itself, the tremendous liquidity of the banking system was secured by a program of war financing which involved loading the commercial banking system with government bonds. Many deplore this, for good reasons.

Likewise, while potentially a decidedly stabilizing factor for a time, the large volume of federal expenditures could prove a national curse over a series of years. This is particularly true since it is financed by a tax system which will generate large deficits when income declines. Federal expenditures maintained at the current level would result in a deficit of \$10 billion to \$15 billion a year if national income fell one-fifth, since tax revenues would then shrink by nearly two-fifths (BW—Feb. 1 '47, p40).

The purpose here, however, is not to pass judgment on the general merit of the elements cited. It is simply to indicate that, in a new and powerful way, they stand guard against a quick plunge of the economy into deep depression.

If farm prices started the sort of dive they took after World War I (to usher in 20 years of farm depression) they could only drop 25%-30% on the average before being stopped by government-guaranteed supports. In the way down they would saw off relatively few financial limbs of the sort on which farmers went out in business during and after World War I. Then the farmers bought land at extremely fancy prices and mortgaged themselves up to the hilt. During this war period, the total volume of farm mortgages has actually declined and is now only about 10% of total farm valuation. Thus the country can have the badly needed benefit of lower food prices without having it at the expense of farm distress.

• Industrial prices, which plunged along with farm prices after World War I, are now propped up by wage contracts which were not present in anything like the same degree in the twenties. In this situation, there are evident dangers that abnormal individual prices will remain high too long. But on the whole, this price propping is against a cumulative and general business collapse.

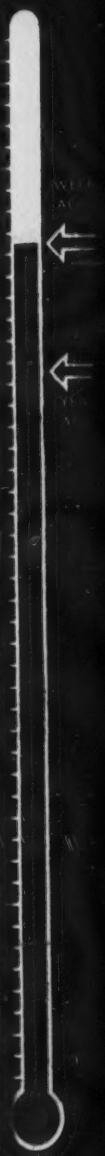
Both farm and industrial activity will be bolstered by exports. Eighteen months after World War I, government granting of foreign credits was abruptly chopped off. This time the loan program is not only much larger but is being extended further into the postwar period thus supporting exports for a considerably longer time. Even at present prices and production volumes, over \$1 billion of foreign credits not yet used and now waiting abroad for expenditures over the next few years (in billions in unspent gold and dollar holdings) are a tremendous supporting force. They will help sustain export surplus, now running at \$5 billion annually.

As business and industry slid down the gulch in 1933 after the farmers had been sliding for almost a decade, they uncovered such piles of frozen bank assets that even 4,000 banks failed in 1933. Today the commercial banking system of the country holds cash or its equivalent equal to two-thirds of total deposits and, as noted above, not a single bank has failed in the past two years. A system of deposit insurance will be available to defend that extraordinary record.

• Elements such as those cited by no means serve to make the economy foolproof. Neither do they preclude the possibility of selective setbacks such as those now being experienced in several lines. However, unless we develop a positive genius at economic self-destruction, they do preclude any nosedive of the 1930 variety. Working in the same direction is a widespread awareness of the problems involved in keeping our economy on a relatively even keel. Perhaps that should be listed among the constructive new factors in the unfolding of our economic destiny.

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